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ABSTRACT

The purpose of this field test was to determine the feasibility and desirability of implementing a program budgeting and accounting system in Minnesota school districts. Analysis of the proposed system determined that it was feasible for adoption in local education agencies. Modifications were made in the chart of accounts and in the coding structure, and information and reporting needs for local education agencies were established. A users manual provides information on the proposed system, illustrates the variety of output reports possible from the system, and provides the layouts for computerization of this system. (Author)

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FINAL REPORT

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# A STATE-WIDE FIELD TESTING OF THE PROGRAM BUDGETING AND ACCOUNTING SYSTEM DEVELOPED BY THE MINNESOTA STATE EDUCATIONAL COMPUTERIZATION PROJECT TO AID THE IMPLEMENTATION FOR PLANNING, PROGRAMMING, BUDGETING SYSTEMS IN SCHOOL DISTRICTS

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## ACKNOWLEDGEMENTS

Many individuals and groups made generous contributions to this project. It is not possible to list all of these persons. We wish, however, to acknowledge some of those individuals and groups who gave their time and efforts to this project.

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For Assistance in Preparation of Final Report:
Dr. Kenneth Garland

The purpose of this project was to study the feasibility of adopting a program-oriented budgeting and accounting system in local education agencies. The project was designed to critically analyze a budgeting and accounting system developed by the Midwestern Educational Information Project for utilization in Minnesota School Districts. Modifications and extensions were made to the original system and the system was readied for computerization. The project served to stimulate considerable interest in program-oriented budgeting and accounting and the results are being studied for statewide implementation.

Chapter I

OVERVIEW OF PROJECT

The purpose of this year-long field test was to determine the feasibility and desirability of implementing in school districts the Program Budgeting and Accounting System developed by the Midwestern States Educational Information Project (MSEIP). The project was aimed at refining and extending the chart of accounts, and classifying the coding structure for local education agency usage.

The need for the field test was recognized because of the work accomplished by the MSEIP and because of local school district interest in program-oriented budgeting and accounting. The concern for this type budgeting and accounting system at the local school district level was generated by the prevalence of such nationwide concepts as accountability in education, Program Planning Budgeting Systems (PPBS), and systems analysis, and by an increasing expression of concern by a cost-conscious public.

From the year-long analysis of the proposed budgeting and accounting system (details of this system can be found in Appendix B of this report), it was determined that the system was feasible for adoption in local education agencies. Modifications were made in the chart of accounts and coding structure, and information and reporting needs for local education agencies were established. A Users Manual to assist in implementing this system was developed and is printed in complete form in Appendix A of this report.

The Users Manual provides information on the proposed system. It explains the chart of accounts, coding structure and suggested budgeting process. It also illustrates the variety of output reports considered possible from the system, and provides the layouts for commencing computerization of the system.

This project has created in Minnesota the setting for an important change in school district budgeting and accounting procedures. Plans are now underway to implement the system in three school districts during F Y's 1971 and 1972. Efforts are also being made to secure the necessary funding to produce a new state accounting manual for school districts and to carry out an extensive in-service education program within the state.

Chapter II

THE CHALLENGES FOR THE PUBLIC PRESS

Impetus for redesigning the budgeting and accounting systems for Minneapolis schools came from several sources. The overall emphasis on such concepts as accountability, Program Planning Budgeting Systems (PPBS), and system analysis has made it necessary for state education agencies along with their local school districts to begin restructuring budgeting and accounting procedures.

The increased costs of education and the recognized importance of the outcomes of education have also served to focus on the need for more effective budgeting and accounting. The traditional line-item budget no longer provides the essential information for decision-making or for satisfying the concerns of a cost-conscious common public. Increasingly it is becoming clear that school districts must adopt a uniform program-oriented budgeting, accounting, and reporting system. The following editorial concerning the Minneapolis School District, Minnesota's largest school district, illustrates the demands for such a system:

School Budget - a Difficult Textbook

> The proposed budget for Minneapolis public schools for 1970 consists of 34 large pages of figures and about 14 pages of explanatory notes on some of the line items. It contains detailed information on current and projected expenditures for everything from postage stamps to salaries. It accounts for about 60 percent of the total property-tax take in the city, and it will require an increase in taxes next year. The total figure is $81.6 million, compared with the 1969 budget of $74.1 million.
>
> But the significance of this budget is difficult for the layman to grasp from the bulky document. The significance lies in quality of education and what that takes in teaching staff, instructional materials, administrative guidance and research. It lies in enrollment trends, inflationary costs, salary schedules, and building and maintenance needs. It lies in efforts to reach inner-city students with new kinds of teaching, in involvement of more adults in activities and classes, in efforts to vocational education, jobs and social services for students who need much more than a traditional curriculum. It lies in sources of revenue and the relative financial responsibility of city, state and federal government.
>
> School officials have dutifully held their usual budget hearings this summer, but hardly anybody came. We do not believe that so few persons are interested in the business of the state's largest school system. Rather, we agree with critics at the hearing Tuesday who said that the budget and the way it is presented are

nonfunding. Only to answer to questions have the officials talked much to terms of the real meaning of the budget.

The Minneapolis School Board and administrative staff are making educational changes which are important and promising. They have fiscal problems which the public should understand. How they spend money is crucial to educational results with the city's children.

Some form of program budgeting (relating expenditures to programs and purposes) could help in explanations to the public. School-by-school breakdowns could be revealing. More interpretation for the layman is needed.

Neither the vitality nor the weaknesses of the Minneapolis schools are clearly communicated in the customary budget presentations. We'd like to see school officials merit a higher grade in this activity, and we predict greater public interest when they do.[1]

The Finance Committee of the Midwestern States Educational Information Project (MSEIP) spent from June 1968 through June 1969 investigating and enumerating the financial information needs of state education agencies. The results of their efforts are available in detail in Appendix B of this report.

Although the MSEIP Finance Committee was primarily concerned with development of an information system for state education agencies, they came to the conclusion that an adequate system could not be constructed without major revisions to the budgeting and accounting structures for local educational agencies. The program-oriented budgeting and accounting system was determined to fulfill the needs of state education agencies as well as being a prime need of local education agencies. Thus, in the finance subsystem, the MSEIP concentrated on designing a school district accounting structure built around program considerations and the utilization of modern electronic data processing equipment.

Minnesota was one of the 13 states involved with the MSEIP and in the Spring of 1969, during local education agency field tests of all five information subsystems, it became evident that further testing, analysis and clarifications were needed in the finance subsystem. The Minnesota Department of Education was particularly interested in a close involvement of local education agency personnel in scrutinizing the chart of accounts established in the MSEIP system and in determining the feasibility of the coding structure from the standpoint of local district considerations. There was a definite need for analyzing the proposed system for its adaptability to large school districts (pleading an utilization of sophisticated data processing equipment) and to small districts (which for some time in the future will continue to depend on manual accounting procedures). Simultaneously, local

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1. "School Budget - A Difficult Yardstick", Minneapolis Morning Tribune, Editorial page, July 14, 1969.

education agencies were beginning to express their interest in program budgeting and accounting. In several cases through actual modifications of the line-item budgeting accounting system specified in the State Department of Education's Accounting Manual.[1]

Because of the interest and because it was recognized that centralizing the budgeting and accounting system for Minnesota school districts would take several years and considerable in-service activity, efforts were commenced to continue in Minnesota the development which was to be completed by the WSEIP in June of 1968.

The funding of a research grant by the USOE in November, 1968, facilitated a continuation of this activity in Minnesota. The Minnesota Department of Education, in applying for the grant, had obtained the assurance from the Bigblue School District that they would cooperate in carrying out a careful analysis of the proposed budgeting and accounting system. The project funds made it possible for the Department to provide additional accounting personnel to the Bigblue School District, which provided for the release of Mr. Donald Blaney from regular duties a sufficient amount of time to carefully analyze the WSEIP chart of accounts and coding structure for its utilization and feasibility in regard to actual school district transactions. Mr. Blaney is a CPA charged with direct responsibility for budgeting and accounting activities in the Bigblue School District.

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1. Manual of Instructions for Uniform Financial Accounting for Minnesota School Districts State of Minnesota, Department of Education. July, 1961.

## Chapter III

## KEY AREAS OF STUDY, THE METHODS FOR CONDUCTING THE RESEARCH, AND THE FINDINGS

The purpose of this study was to subject the material developed by the MSEIP to critical analysis for local educational agency usage. The project was aimed at refining and extending the chart of accounts and at verifying the feasibility of the coding structure developed. The following list indicates the specific areas of study, the method utilized to conduct the study, and the results achieved.

1. Area of Study: An Analysis of the MSEIP Chart of Accounts and Coding Structure for Utilization with Local School District Transactions

Method: Business Officials in the Hopkins School District analyzed transactions for a year to determine the feasibility and adaptability of the MSEIP system. Members of the advisory committee, who came from large and small school districts, became thoroughly acquainted with the MSEIP system and were asked to evaluate the system in relationship to the budgeting and accounting needs and competencies in their own districts.

Findings: It was found that the system was workable in school districts of varying sizes. Some realignment of the coding structure was needed to accomplish the desired goals and to ensure smooth and effective handling of input data. The chart of accounts was expanded somewhat, but it was determined that this would be a varying factor in school districts and that the system was flexible enough to allow for additions by districts as they attempt to satisfy unique demands.

2. Area of Study: The Conceptualization of Output Reports to Satisfy Local Education Agency Needs

Method: The research assistant developed suggested formats after conferring with administrators and instructional staff members in his district. The suggested reports were then submitted to the Advisory Committee for critical analysis and subsequent revision.

Findings: Several output reports unique to the budgeting and accounting process were determined to be necessary. These needs were not completely outlined in the MSEIP system. The reports suggested for usage are outlined in the Users Manual reproduced in Appendix A.

3. Area of Study: The Investigation of Utilizing the MSEIP System as a Basis for a New State Budgeting and Accounting Manual for Schools

Method: Throughout the year; the MSEIP system was evaluated in terms of its feasibility for all types of school districts and for its effectiveness in producing the desired information at both the local and state levels. The Advisory Committee spent time developing recommendations on means to disseminate and carry on the statewide in-service education that will be necessary if this system is to be implemented. The Research Assistant and members of the Advisory Committee assisted in explaining the system at conferences and received reactions for revision.

Findings: It was determined that the MSEIP system with the modifications suggested in this project could become the basis for a new state budgeting and accounting system; and that development of a new accounting manual should be commenced at an early date. Documentation on a statewide basis appears to be a very arduous task and could take five years or longer. The State Department of Education will need to establish an extensive in-service education project and will need the necessary finances and personnel to conduct this activity. Because of the long period of time needed for developing a state manual and implementing the new system statewide, it is imperative that the system now be programmed to report data to the state according to the present state reporting format. The state will need considerable time in defining exactly what data they wish to collect from the new system, but it was determined that the coding system structure was sufficiently flexible and detailed to allow for most any reporting requirement identified at the state level.

4. Area of Study: The Feasibility of Computerizing the System and the Additional System Analysis That Must Be Accomplished Before Computer Programming Activity Commences

Method: The Arisa Corporation, a consulting firm specializing in computer systems and programming, was contracted to accomplish this task. The Advisory Committee and the Research Assistant reviewed the Arisa work regularly and provided suggestions for revision and background information necessary to assure their understanding of the needs and existing conditions.

Findings: The system was found to be adaptable for computerization and several simplifications in the manual coding procedures were discovered. A full explanation of their findings and recommendations for implementation are available in Appendix A.

5. Area of Study: An Analysis of the MSEIP Budgeting and Accounting System for Utilization as a Part of a Total Program, Planning, Budgeting System (PPBS)

Method: The Advisory Committee and the Research Assistant conferred with staff members in their districts regarding the relationship this budgeting and accounting system had for the broader concept of PPBS. Reactions were also received at conferences where information on the project was disseminated.

Findings: This budgeting and accounting system should definitely support a PPBS system, but it will not necessarily lead to the utilization of this broader concept. Participants in this analysis concluded that the budgeting and accounting element for PPBS is much easier to develop in an organization than are the objectives and evaluation elements for PPBS.

Most participants agreed that program budgeting and accounting was a necessary first step in progressing to the other elements of PPBS and that the system will be meaningful and productive even if further PPBS developments do not materialize. Following is a list of contributions program-oriented budgeting and accounting was determined to potentially hold for education.

a. Program-oriented accounting provides the capability of generating information which will assist school administrators in making choices related to optimum allocation of resources among alternative programs of educational needs, based on an evaluation of effectiveness of individual programs.

b. Program-oriented budgeting and accounting describes desired accomplishments, rather than merely listing the objects of expenditure.

c. Program-oriented budgeting and accounting develops a cost-quality awareness among school administrators, school boards, and lay citizens.

d. Program-oriented budgeting and accounting will enable fiscal administrators to group all operational units or programs together for individual or collective analysis according to comparative standards defined by the professional educators.

e. Program-oriented budgeting and accounting will provide for more uniform and accurate comparisons, among the various educational agencies, of effectiveness of both fiscal and educational programs.

f. Program-oriented budgeting and accounting procedures will provide the type and degree of data specifically needed for intelligent predictions of future fiscal and educational programs through the budget preparation.

g. Program-oriented budgeting and accounting will help establish fiscal responsibility and accountability, thereby safeguarding the stewardship of public funds.

Chapter IV

## ADVISORY COMMITTEE MEETINGS AND DISSEMINATION ACTIVITIES

Essential to the success of this project was the formation of an Advisory Committee by the Minnesota Department of Education. The Advisory Committee consisted of personnel from local school districts, computer service personnel and Department of Education representation. The committee met approximately once a month. The following personnel were regular members of the committee:

Mr. Jerome F. Fuecks, Assistant Director TIES
Dr. Kenneth Garland, Assistant Superintendent for Business, Rochester
Mr. Melvin Jensen, Superintendent, Sumbrota
Mr. Don Kleary, Accountant, Hopkins
Mr. Harry Lokken, State Department of Education
Mr. Duane Ofteile, Accountant, Robbinsdale
Mr. Robert F. Parker, Superintendent, Winthrop
Mr. Duane C. Sauve, Comptroller, Bloomington

The function of the committee was to review all materials and proposals submitted by the directors of the project, the research assistant, and the consulting firm doing the systems work and developing the Users Manual. Committee members were also responsible for critically analyzing the proposed budgeting and accounting system in relationship to their own school district or organization. Operating in this way, the MSEP financial accounting system was adapted to fit the Minnesota school system so that it would be compatible with the present school laws, aids, and with the present accounting system. The committee combined the program-oriented budgeting system with budget requests originating within the different departments, grades, activities, or programs in the school system. Proposals were made for periodic computer print-out reports to each department showing amount of budget allowance, amount spent to-date and remaining amounts in the budget. The system allows for the computation of costs by department, programs, subjects, buildings, schools, or activities within a school district.

The committee assisted in preparation of a Users Manual. This manual outlines the accounting system, specifies the forms that will be needed to implement a program-oriented budgeting and accounting system, and gives the specifications needed to "program" the system for computers.

Dissemination activities involved visits to individual school districts by the research assistant and presentations at conferences. Presentations were given at the following conferences for educators:

1. A Joint Conference for Minnesota and North Dakota School Business Officials in Fargo, North Dakota in April, 1969.
2. An Orientation Seminar on PPBS for Minneapolis-St. Paul and Suburban School Districts at Hudson, Wisconsin in the Fall of 1969.
3. A Conference for Representatives from the 13 States Participating in the MSEIP at Des Moines, Iowa in June, 1969.
4. A Conference Sponsored by the ARIES Corporation for Representatives of the 13 Midwestern States and Minnesota School Personnel at Minneapolis, Minnesota in February, 1970.

## LONG-RANGE OBJECTIVES

1. Develop a uniform coding structure which will fulfill both budgeting and accounting needs of all school districts in Minnesota. The structure must be simple enough to be easily communicated, and implementation practical from a maintenance standpoint.

2. Conceptualize report formats for budgeting, accounting, cost analysis, and administrative decision-making by local school districts. To accomplish this objective, there must be active involvement by the different interest groups in school organization. (i.e., Board of Education, Superintendent, Directors, Principals, Department Personnel)

3. Fulfill reporting requirements of State and Federal Agencies. This would include a formal letter of comment by the State Department of Education that the system, with its reporting criteria and coding structure, would be acceptable and incorporated within the new state manual of instructions.

4. Satisfy present and anticipated statutes governing school districts in Minnesota.

5. Maintain awareness of other similar efforts being made in the country (i.e., Research Corporation of A.S.B.O., Federal Handbook II, Nebraska, Iowa, etc.).

6. Effectively communicate the financial system to users:

   a. Prepare a Users Manual to assist with in-service training efforts. This manual will precede a new State Accounting Manual to be informative to various interest groups.

   b. Draft a new State Accounting Manual. Manual will include guidelines followed when district is using manual or semi-automated methods and when district is using E.D.P. methods.

7. ITSS project and any other joint data processing efforts must interface with the system designed and agreed upon.

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Highlights of the System cont.

EXPENDITURE OUTPUT REPORTS ARE PREPARED TO AID:

- Budget-related reports for school board and administration budget decision making
- Operating reports which consider encumbrances as well as actual expenditures against the budgeting plan

## Chapter V

## RECOMMENDATIONS AND PLANS

The year-long study and analysis of this proposed program-oriented budgeting and accounting system has resulted in revisions, clarifications, and readiness of the system for computerization and implementation. The project directors, research assistant and Advisory Committee members concluded that the system is feasible and that efforts should be continued to assure adoption on a statewide basis. At the final meeting on November 19, 1969, the Advisory Committee adopted the following recommendations for submittal to the Minnesota Commissioner of Education:

1. The Committee approves the Users Manual as presented and recommends that the Minnesota Department of Education seek funds for "programming" the system as outlined for computers, and that the programmed computer system be used on a trial basis in a number of volunteer schools during the 1970-71 school year.

2. The Committee recognizes that a program-oriented budgeting and accounting system is a necessary tool for efficient school district operation and recommends that the system prepared under the direction of this Committee be used as a part of the guidelines for revising the present financial accounting system for Minnesota school districts.

3. The Committee recommends that the Minnesota Department of Education seek funds from the 1971 legislature for the purpose of revising the present school district financial accounting system on a program-oriented budgeting and accounting basis and also to seek funds for implementing the revised system.

The enthusiasm generated by the project has led to considerable interest in continuation toward an implementation phase on a trial basis. With Minnesota Department of Education financial support and the cooperation of the TIES Organization (a regional data processing center for 28 Twin Cities area school districts comprising about 240,000 students) plans are now underway for accomplishing the computer programming on the Burroughs 2500 computer installation at TIES during F Y 1971. Two of the TIES school districts (Burnsville and Hopkins) will pilot the use of the system commencing with the budgeting process in January of 1971 and with the accounting process on July 1, 1971. The Rochester School District is also planning to adapt the system to an IBM 360-30 installation for total usage beginning on July 1, 1971.

During F Y 1971 further activity is recommended in regard to the following:

1. A closer evaluation of the system to assure its compatibility with the guidelines existing in the recently revised Handbook II.

3. Increased dissemination and in-service efforts should be accomplished. School business officials and other educators are encouraged to join with the Minnesota Department of Education in securing additional assistance from the Minnesota Legislature for implementation of the system and re-drafting of the state accounting manual.

4. The pilot implementation efforts in the three school districts should strive to answer the questions listed below:

   a. Do the budgeting and accounting systems and the processed reports adequately support local education agency decision-making processes?

   b. Is the system practical from a maintenance standpoint?

   c. What level of competence and training of personnel will be required within large and small districts to maintain the system?

   d. What is the estimated cost and time frame for implementing the system in a local education agency?

   e. How can the system be simplified for utilization in smaller school districts?

5. Efforts should be made to use this system as a beginning for experimentation at the local education agency level with PPBS. Correlating this system with the results of the PPBS project being undertaken by the Research Corporation of ASBO should continue to be an ongoing activity.

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This manual is published as part of an effort to communicate to all prospective users on a Program-Oriented Budgeting and Accounting System.

This project was established in December 1968, funded under P.L. 89-10, Title V, and will terminate November 30, 1969. The project's objectives are to evaluate the MMIS finance system and to determine its merit in the educational decision-making process in comparison with the present budgeting system being used in the Duluth area schools. The ultimate goal of the project is the adoption of a program-oriented budgeting and accounting system by all school districts in the State of Minnesota.

The system has been designed with the hope that it can be programmed and become operational on the Burroughs 2500 computer being utilized by the regional data center called TIES. The present time schedule calls for "live" testing of the system from January-June 1970, following which it will become operational July 1, 1970 or soon thereafter.

This achievement resulted from a unique cooperation of efforts of the MMIS, Chief State of Minnesota school officers, numerous Minnesota school district people, MMIS staff and ARIES Midwest consultants. I wish to express my appreciation for the cooperation and devotion of the individuals who participated in the project.

Project Director

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## 00K. INTRODUCTION

In order to satisfy the varied needs of a multiplicity of school districts for a budgeting and accounting system that would function within a variety of administrative environments, a flexible system has been designed.

This manual has been developed to assist school districts in implementing this system within their respective districts. Consequently, this manual addresses itself to the various functional areas within a district that would be involved with a budgeting and accounting system. These would be:

- The Departmental Heads -- if the district is disposed to decentralizing the functions of preparing budgets and allowing the user of the funds to have the responsibility of administering their expenditures, the various budgeting departments must be aware of how the system functions and how they can best utilize the system.

- The District Financial Officer -- since he and his staff have the ultimate administrative responsibilities for school finance, he must have an intimate knowledge of the functioning of the system and the various alternatives available to him through the system.

- The District Superintendent, School Board and Administrators -- they must be aware as to how the system functions, what alternatives are available to them and what information can be derived from the system.

In addition, an area of this manual will describe and illustrate the system's input requirements, processing requirements and available output.

### 101. What Does Program-Oriented Budgeting and Accounting Mean?

"A program", in its broadest meaning is an undertaking designed to deal with a major problem or meet a major need. Therefore, math is a program, as is curriculum development, as is transportation.

Obviously, we are not considering problems or needs that are measured in the same dimension as in the examples cited above. Consequently, we have developed a coding scheme which allows us to extract those slices of information that are relevant to the "program" we wish to plan for and measure against.

The "planning for" phase is commonly called budgeting. The "measuring against" phase is called accounting. Therefore, in a program-oriented budgeting and accounting system, we no longer have the conventional accounting philosophy of recording expenditures against just the conventional expenses categories such as salaries, supplies, textbooks, etc., but have replaced it with a more comprehensive method that allows recording and reporting of multiple dimensions of information.

200. HISTORY OF SCHOOL DISTRICT BUDGETING AND ACCOUNTING IN MINNESOTA

Until relatively recently, a majority of school districts in Minnesota expended a minimum amount of effort and resources on their financial accounting function. Quite often, even in large districts, the budget was prepared, by the Superintendent, on an "intuitive" basis.

Because schools do not operate for a profit, pay no taxes or depreciate property, there appeared to be little need for maintaining elaborate accounting systems. Consequently, nearly all schools have been operating on a relatively simple cash basis accounting system.

As a result, many school districts today find themselves in a rather uncomfortable position. With rising costs, with an increased demand by the public for more service for the expended dollar, with a rapidly increasing population and the resultant need for large capital outlays, the District Administrators and School Boards are suddenly being pressured for good, detailed, financial planning and a way to measure results against these plans.

The present Handbook II method of accounting measures expenditures in an aggregate manner. This precludes gathering detailed data, without special elaborate analysis, in informational segments that would be materially helpful in measuring accomplishments against plans. Therefore, with the new demands being made upon districts, it has become essential that a new approach be developed which would allow planning at multiple levels within a district and a responsive system which would allow districts to modify plans where it was deemed worthwhile and/or necessary.

The advent of electronic data processing has made feasible methods of storing and retrieving data which were heretofore very difficult to achieve on a manual system. Consequently, we are able in this new system to plan (budget) for several years and at the same time retain and have available financial data from the previous and present year. This system allows us, for example, to report data which involves a school or a group of schools, a department or a group of departments, within one school or several schools. It allows Department Heads, Coordinators and Administrators to plan programs and measure the financial results of these plans in a timely and responsive manner.

By accommodating budgeting for multiple years, the school district Administrators, Instructional Staff and School Board has the necessary financial data to look further ahead than one year in determining where the district is going. Therefore, this system allows school districts to proceed down a path which will eventually allow the financial data to be integrated with the facilities, instructional, pupil and personnel data. This would then be approaching a total school district program, planning, budgeting system whereby educational goals and objectives can be planned and their effectiveness measured.

300. GENERAL OVERVIEW OF THE SYSTEM

301. Preliminary Organizational Decisions

There are several management and organizational decisions that should be resolved prior to embarking on this system. These are:

- Degree of budget decentralization
- Roles of district Coordinators and Consultants
- Budget responsibilities

301.1 Degree of Budget Decentralization.

Historically, most schools have been budgeting at the Superintendent and district Administrative levels. At best, Department Heads were consulted on a very limited basis even on financial decisions regarding educational program modifications in their specific areas.

This has been done previously because there has not been a good vehicle to allow the district Administrators to financially communicate with the various departments. With this system, however, it is now possible to segment the budget, for planning purposes, down to the department level and thereby allow the individuals who will be originating the expenditures to participate in developing the rationale for this activity.

The decision as to the degree of decentralization should be made by the school districts prior to starting on the system. This does not preclude, however, the ability to decentralize after the system is operational. The advantages of early departmental involvement would be the "in-service" training that could be made available to that part of the staff at the inception of the program.

301.2 Role of District Coordinators and Consultants.

The nature of the services performed by Coordinators and Consultants generally involves more than one school. Therefore, a decision must be made as to how their expenditures should be budgeted.

For example, the Curriculum Coordinator may have curriculum responsibilities for the entire district. The system allows the budgeting to be done either on a district-wide basis, or else have the expenditures involved in this area allocated to the various school budgets.

Likewise, the elementary school Music Consultant could have his budget which would cover all elementary schools, or his costs could be broken down to each school.

It is recommended that schools choose the prior alternative because it is believed that a Coordinator or Consultant should have initial budgeting control of his area so that he could function most efficiently within his own dollar restrictions.

301.3 Budget Responsibilities.

A hierarchy must be developed for various levels of budget preparation and approvals. The system is designed to report both actual expenditures against the plan. Consequently, the system will be only as responsive as the degree of responsibility that is given to the preparer of each budget. It must also be kept in mind that the success of the degree of participation and involvement by the departmental staff will be proportional to the amount of "face-to-face" dialogue that is conducted between the Department Heads and the individual who approves the budget. Budget changes must be explained and reconciled rather than done arbitrarily.

302. Building the Budget

Our objectives are to develop a budget to be approved for the coming school year, and simultaneously build a levy budget for two years hence. In viewing the sample budget sheet (Figure 5-1), it becomes apparent that a consistent rationale for budgeting from year to year is encouraged because the historical information regarding succeeding budgets and actual expenditures is available to both the planner and reviewer of each budget.

302.1 Financial Department Involvement.

The guiding force in understanding and disseminating the financial information needs of a school district falls upon the school's Finance Manager and his staff. The suggested Chart of Accounts (Figure 6-1) is to be used as a guideline for determining the expenditure breakdowns within the district. The Chart of Accounts will be explained in detail in Section 600. At this point, it will suffice to say that although the structure must be adhered to, there is a great deal of flexibility within the various categories to develop budgets that will reflect the make-up of any school district.

The building of individual budgets will initially require a conceptualization of the district organization and the cost centers or functional operating departments involved that would account for all segments of the district expenditures.

As an extreme example, let us assume that the present school budget consists of one large budget under the Superintendent. In other words, all expenditures would be allocated to some category within this one large budget. If we now wanted to break this down into two logical budgets, we could conceivably have one budget for all elementary schools and another for all secondary schools.

To continue with a finer breakdown, we might decide to budget down to each school. Consequently, we would now have a budget for each principal in each school and all expenditures would be allocated to the school involved. This would then make necessary the need for budgeting district-wide expenditures also (Figure 5-1). Under this organization, data could now be reported concerning:

- The entire district
- The aggregate district-wide administrative expenditures
- The costs of running each school
- The aggregate costs of secondary and of elementary schools
- A comparison of the costs at various schools
- The budgets in each of the above areas and a measurement of actual expenditures and commitments to buy (encumbrances) against the budget.

However, if we wanted to know what the math program costs or what it costs to run just the Superintendent's office, we would not be able to extract this information from the data available. Consequently, we can now consider breaking each school and district-wide functions into their logical compartments. We have referred to these as departments. Therefore, we could as an example, now sub-divide each school into its academic departments (math, science, art, etc.) and throw all the other non-academic school costs into the "Principal's Department".

In the same way, we could now also break down the district-wide functions into their logical "departments" such as Business Affairs, Purchasing, Superintendent, Personnel, Food Service, etc.

We now can gather information that would reflect, in addition to the reports indicated earlier:

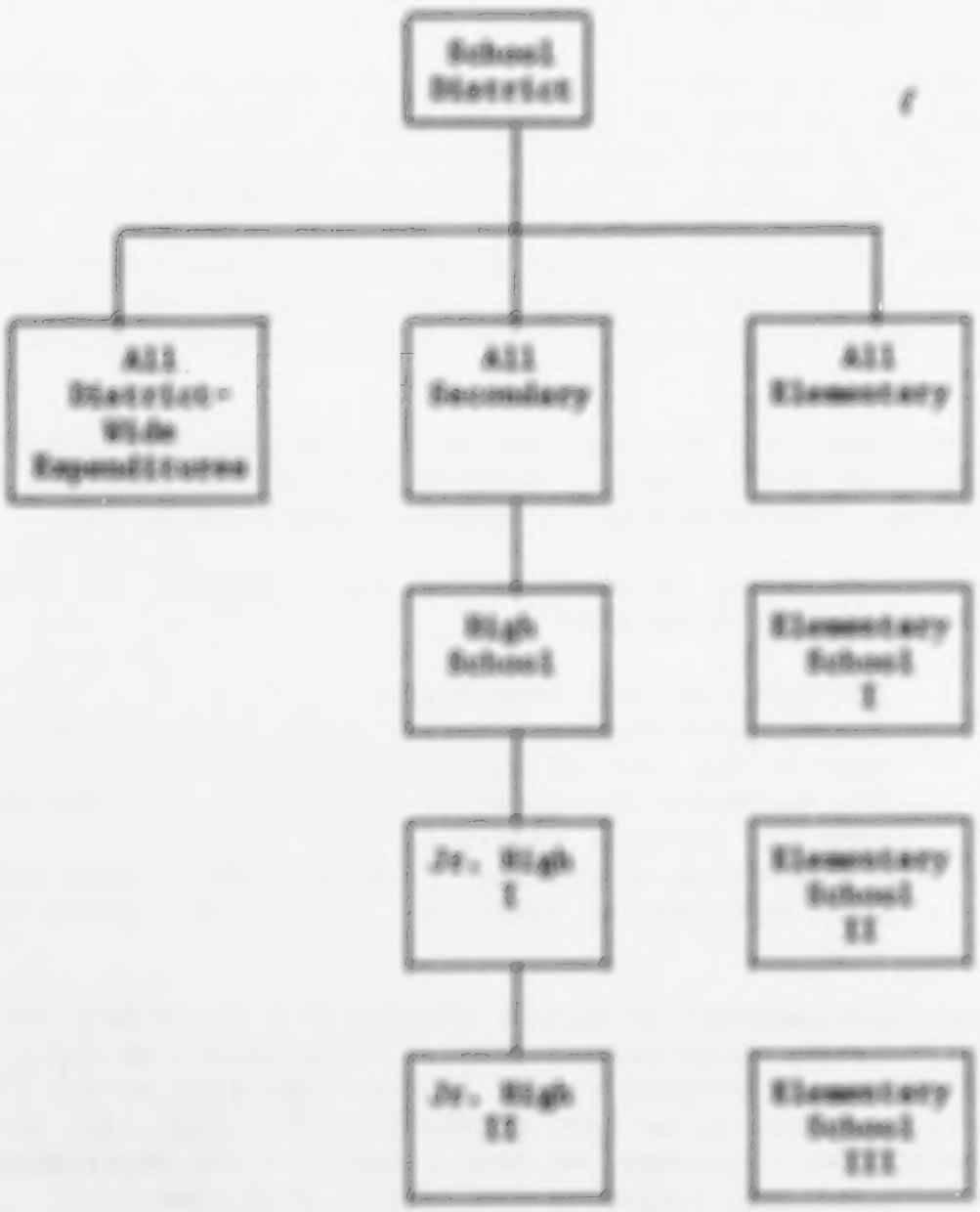
- The costs of each department
- The comparative departmental costs in specified schools such as the cost of the math program in school 1 vs. school 2
- The aggregate departmental costs (what does the math program cost the district over-all?)
- A comparison of the plan (budget) against what actually occurred at a departmental level (are food service costs what we expected?)

This organizational structure (Figure 3-2) would have decentralized the budget to the departmental level. Conceivably, we could continue to sub-divide our budgets to the "course" and even to the "section" level. Within our system, we have accommodated the capability of this detailed a break-down. However, we have considered the departmental level the lowest practical budgeting division at this time.

Once the organizational unit-department budgeting hierarchy is developed, we must define the detailed line-item information that we want included within each budget. The Chart of Accounts "object" categories should act as a guideline in this area. Again, we must keep in mind that the amount of detail information that is desired is directly proportional to the degree of break-down that is utilized. For example, salaries might be divided into just two categories, i.e., "Certified" and an "All Other" classification. We must then recognize that salary budget and expenditure information can be reported in only these two dimensions from the system.

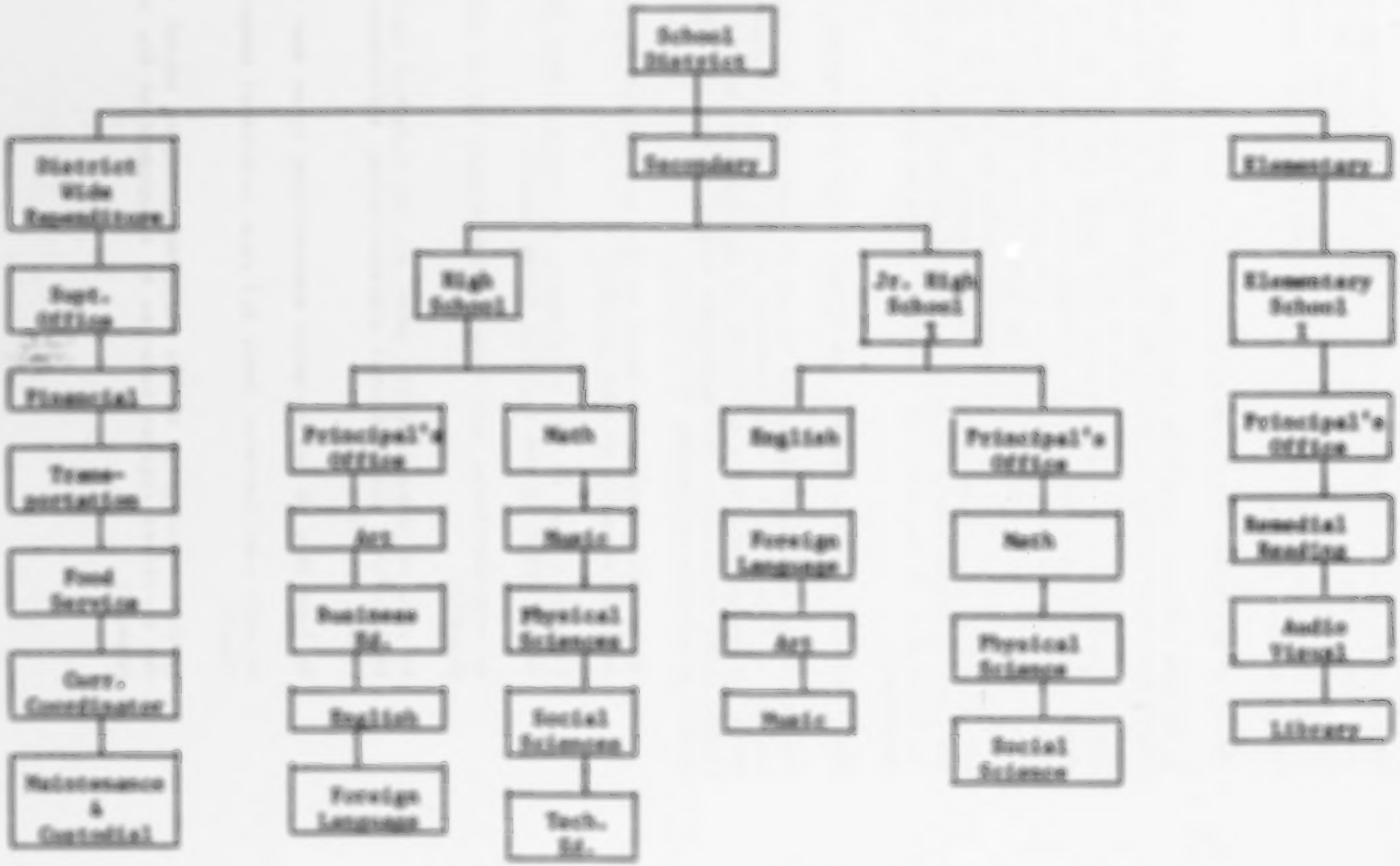
Figure 3-1

PARTIALLY DECENTRALIZED SYSTEM



DEPARTMENTAL DECENTRALIZED SYSTEM

Figure 3-2



When the financial department has disseminated the budgeting characteristics, it must also develop the initial preliminary dollar budget information for each object category. This will necessitate, in many cases, a detailed analysis of existing expenditures and estimates to determine this information.

III.2 Departmental Head Involvement.

If we have decentralized our budgeting to the departmental level, the Department Head should be given the responsibility of determining those budget items that will affect his program. On the other hand, he should not be concerned with those budget line items that he cannot do anything about, such as salaries, fixed expenses, etc. The budgeting system has accounted for this in that it allows centralized updating of budget line items of those factors that are influenced by price changes or student population changes and departmental updating of those items that are affected by program changes. As an example, new text increments to the present budget would be made by the Department Head while inflationary increases to the costs of textbooks would be made by the financial department.

III.3 District Superintendent and School Board Involvement.

The reporting system is designed to report both budgeting type information as well as actual. Consequently, as the initial budget is prepared, it is approved by a hierarchy of individuals, as the organizational chart indicates. The aggregate budget is then reported by the system in several variations as follows:

- By building department (what is the comparative budget for the math departments of each school?)
- Summary report of all departments in district (how do the total dollar needs of the district break down?)
- By organizational unit (what is the budget for an individual school?)
- By area of responsibility (what are our budgeted costs of instruction, instructional administration, maintenance, operations, etc.?)
- By fund (how do our budgeted expenditures break down by fund?)
- By unit administrator (what did each individual budget look like?)
- By object category, within department, within school (what are the certified regular salaries by department at the senior high school?)

Each of these reports compare several years' budgets and the actual expenditures for the previous year so that there is a meaningful comparison of costs and plan.

As you can see, we have the ability of entering and reporting the data in various ways for reviewing and discussing the information and thereby, allowing the school administrators to make sound budget decisions based on adequate information.

## 303. Daily Processing Against the Budget

Since the budget is the basic financial plan of the school district, the system must be able to indicate how well the plan is being followed. As with all plans, we can realistically expect that in some areas, the actual expenditures will exceed the plan. Consequently, the system must be geared to report when a portion of a budget is approaching its allocated dollars. In this way, the financial department will be able to evaluate the impact that overspending in one area may have on the entire department, school or district.

### 303.1 Introduction to Expenditure Accounting.

As indicated earlier, the budgets are basically broken down to three dimensions:

- Organizational unit - i.e., a specific school, all elementary, all secondary or district-wide
- Department within organizational unit - i.e., the math department within the high school
- Object within department, within organizational unit - i.e., textbooks, supplies, salaries, etc.

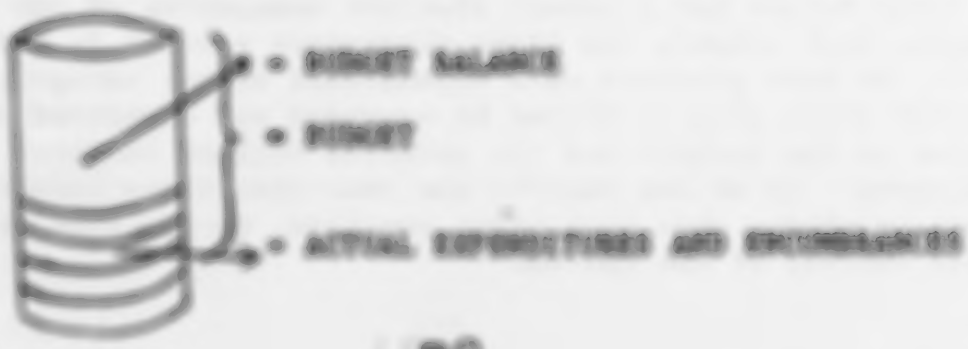
In our system, we want to keep track of the actual monies expended and also the monies which have not yet been expended but for which we have issued purchase orders. The spent monies are called expenditures, the committed dollars are encumbrances.

Consequently, if at any time we wish to know how much we have available to still spend (the budget balance) we would subtract the actual expenditures and the encumbrances from the original budgeted amount.

A total budget for a school district consisting of one high school, two junior high schools and three elementary schools is portrayed in Figure 3-3. We have pictured each expenditure object category budget as a bucket which will be filled by expended and committed dollars. The sizes of the buckets are the relative dollars budgeted for each object category. If we can control the rate that these budgets are filled or have knowledge when they might overflow, we can then be assured that we have control of the system.

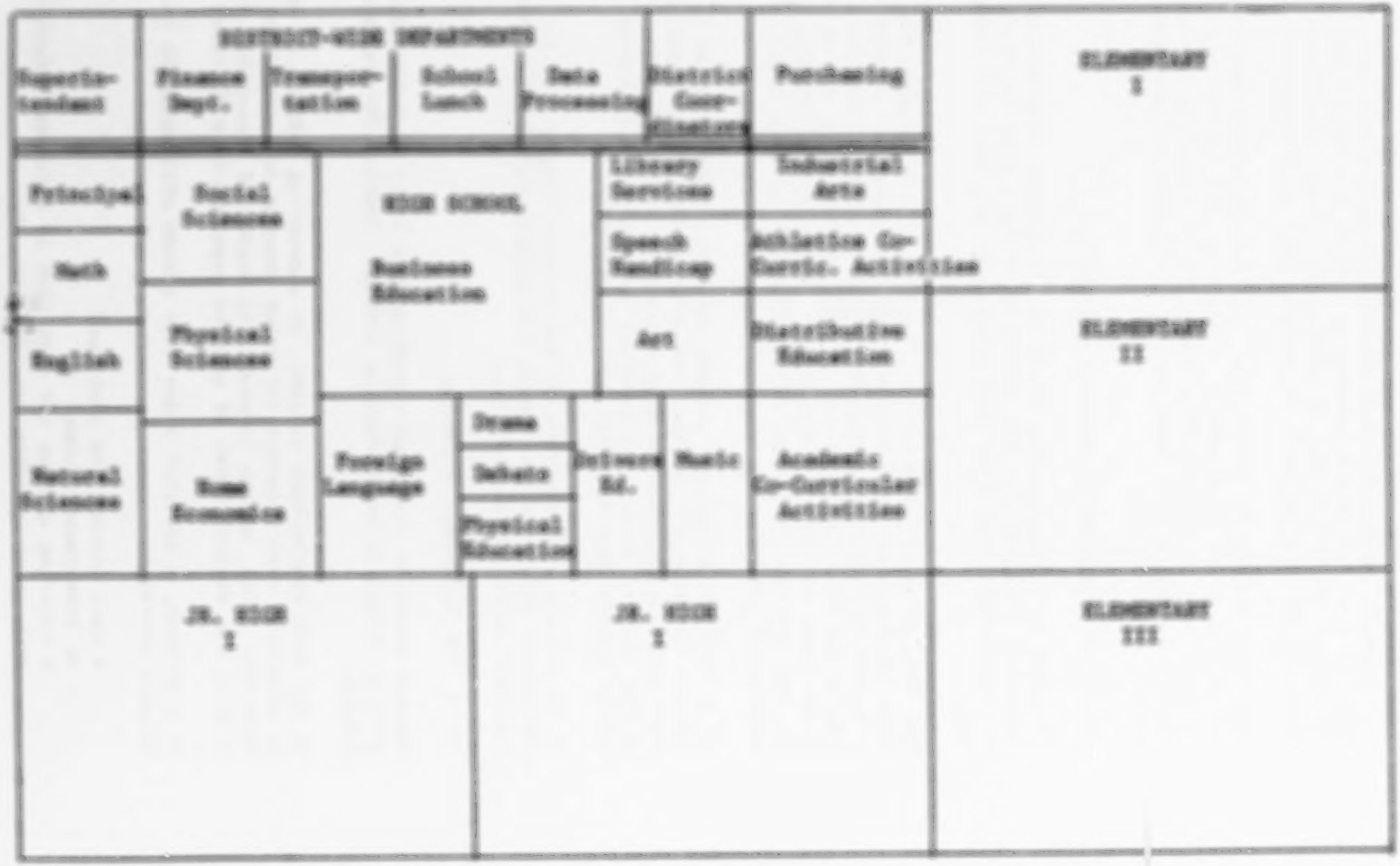
PICTORIAL CONCEPTION OF OBJECT CATEGORIES WITHIN A DEPARTMENT

Figure 3-3a



TOTAL BUDGET FOR A SCHOOL DISTRICT

Figure 3-3b



For example, within the math department in the high school, we may have a valid reason for wanting to exceed the budget for equipment. If all the other expense categories within the department are reasonable, we may then be able to justify this over-expenditure.

This same philosophy would hold true for an entire department if there are enough other departmental dollars to make up the amount over-spent. In this way, we have built a controllable hierarchy of budgeting dimensions (objects within departments, departments within schools, schools within the district).

303.2 Introduction to Revenue Accounting.

In order to determine the limits for budgeting expenditures, it is necessary to determine the amount of dollars that the district will be receiving. This task will generally fall upon the financial department.

The Revenue Chart of Accounts (Figure 6-1) illustrates the coding breakdown contemplated to accumulate this information. As with expenditures, a budget worksheet is prepared (Figure 6-2) which reports actual receipts for last year and the current year-to-date, and will accumulate three years of budget information. These revenue budgets are prepared by fund and the line items within the body of each budget are the sources of revenue.

If we wish to accumulate revenue data in a more detailed form than "source of revenue", we have the options of further breaking receipts into their organizational unit-department classification. For example, we may wish to accumulate receipts for athletics or school lunch by school rather than in total for the district.

As we prepare both expenditure and revenue budgets for two years hence, the School Board now has detail and summary information from which they can make sound fiscal decisions.

303.3 The Balancing Accounts.

Balance accounts are those accounts that would normally affect the general ledger in an accounting system. Section 700 explains this in detail.

In the most rudimentary systems, an accounting balance is maintained by effecting cash accounts for every revenue or expenditure transaction. From this point, we can increase the degree of accounting sophistication to the desired level of control required by a district.

As a minimum, a district under this system will maintain the following balance accounts:

- A cash account for each fund
- An investment account
- A clearing account for each type of employee deduction grouping such as withholding tax, pension, etc.

. Encumbered reserves by fund for prior year encumbrances

The balance account numbers for the cash and encumbered reserve accounts are fixed as indicated in the balancing chart (Figure 3-1). The remaining accounts can be modified to suit the district. Further elaboration will be made in Section 700.

## 400. EXPENDITURE BUDGETING AND ACCOUNTING

In conceptualizing a system that would report information with maximum variations, the tendency is to get "carried away" with a coding structure that becomes unmanageable from an operating aspect. We have carefully considered this contingency in designing our coding structure and have, therefore, made it broad enough to encompass the required dimensions to run a school district, but simple enough to ensure proper coding. In addition, we have developed a technique which will allow gathering of additional information as a by-product of the system.

### 401. Chart of Accounts

We have developed an expenditure coding structure (Figure 4-1) which requires actual coding of three fields at all times, a fourth field if the expenditure is partially or fully reimbursable from non-district sources and a fifth field if special activity information is required. The computer will generate two additional dimensions.

#### 401.1 Normal Coding Dimensions.

The following are the normal coding dimensions used within the system:

a. Organizational unit -- a three-digit code that identifies the particular level that its accompanying department is involved in. For example: If the department is district-wide, (Superintendent's office), the organizational unit would be "all schools"; if the department involves only the elementary schools, but not one school in particular (elementary director), the organizational unit would be "all elementary schools"; if the department could be localized to one particular building (art, social sciences, etc.), the organizational unit would be the particular building involved.

b. Department -- a three-digit code which identifies the area under a single administrative head, created to fulfill certain instructional or supporting service responsibilities. Example: instructional classroom teaching - foreign language department, math department, etc.; general control - Superintendent's Office, Business Affairs office, etc.

c. Object -- a three-digit code which identifies budgeted line items (salaries, supplies, etc.)

These three areas comprise all the valid combinations of budgetable items from district funds that make up the majority of the school districts' total operating budget.

d. Source/Project -- In order to accomodate those expenditures made through non-district financed aid programs or for special projects that we wish to budget for separately, a three-digit field has been established which must be coded ONLY in these circumstances. Consequently, there would be a separate budget

prepared for each department involved in a financed aid program, in addition to that department's budget which involves monies from district sources. As an example: the coding structure would be as follows for an expenditure for equipment for business education at the high school from a vocational education aid fund:

Organizational unit -- a three-digit code for the high school involved.
Departmental unit -- a three-digit code for business education.
Source/Project -- a three-digit code for VEA.
Object -- a three-digit code for equipment.
Twelve digits TOTAL.

601.2 Exceptional Coding Dimension.

An additional area of information will be made available to the system on request through the use of an activity code. This is a three-digit code that will take the data that accompanies it and put it in a separate file for analysis and reporting per the definition of the requestor. This is collected as a by-product of the normal process and is added to the coding dimensions described in 601.1 when special information is desired. The Activity Chart of Accounts is illustrated in Figure 6-2.

Example 1: The Instruction Coordinator is responsible for curriculum development and he would like to have a breakdown of expenditures for curriculum development in social studies, math and science. He would be assigned three numbers which would represent the three departments involved for this purpose, and all related expenditures would be coded with its respective activity code. When the transactions are processed, this information would be put on a separate activity file in addition to being processed through the normal routines. Subsequently, the desired report would be printed as requested.

Example 2: The district Superintendent wants to know the total spent for snow removal through contract services as compared to custodial services. All snow removal expenditures through contract services would be coded with an activity code while custodial snow removal would be coded with another activity code.

601.3 Additional Information Dimensions.

As a part of the conversion routine, the financial department will list all the valid twelve-digit combinations of organizational unit - department - source - object that were budgeted for the district. Each configuration of twelve digits will result in mutually exclusive funds and areas of responsibilities (Figure 6-3).

In other words, when we analyze each budgeted line item, we will be able to determine and insert, as part of the record, the fund and the area of responsibility which will be involved.

For example: "Towels, locks and uniforms" for the athletic department at North Junior High School would be coded according to the Chart of Accounts as:

| Organizational Unit | Department | Source/Project | Object |
|---|---|---|---|
| xxx | xxx | xxx | xxx |

This would be a budgeted line item against which we would eventually accumulate expenditures. When this line item is originally set up in the file, we would determine the following:

Fund -- General-Acct. No.921
Area of Responsibility -- Co-curricular Activities -- Acct. No.1171

Thereafter, whenever we want any reports by fund or area of responsibility, it will automatically be generated.

401.4 Chart of Accounts Summary.

As indicated earlier, the valid combination of budgeted twelve-digit numbers are compiled at the time the original budgets are determined. This is inputted into the system so the only valid numbers that will be acceptable. Consequently, no expenditures will be permitted against an area that has not been budgeted previously. However, a "zero" budget item must be set up first to create a new record.

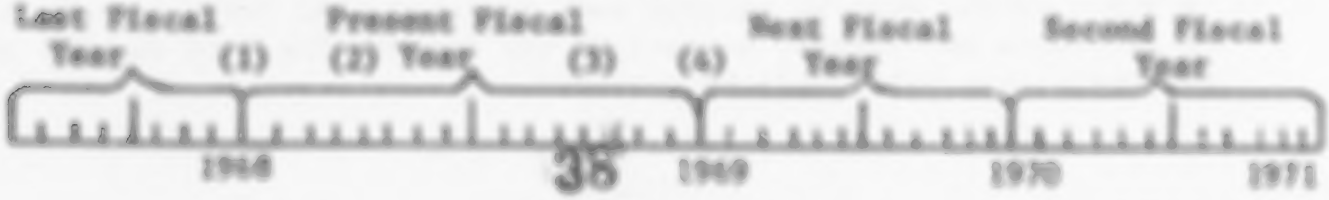
In summary, the following code areas are inherent within the system:

| Organizational Unit | Dept. | Source/ Project | Object | Fund | Area of Resp. | Activity |
|---|---|---|---|---|---|---|
| xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Develops table of master file valid transactions and budget items | | | | Determined at Inception | | Special Info. Code |

402. Expenditure Budgeting.

In planning budgets for a school financial accounting system, some timing problems present themselves regarding future-year budgeting, fiscal versus calendar years and the levying requirements involved.

We must, therefore, retain a history of budgeted expenditures for the present year, the next year and the second year. The significance of the information in each year depends on the time of the year and can best be illustrated on the following time scale:



c. On June 30th of the present fiscal year, all the expenditures for the past year have been run through the system and we must update our master file to reflect the new year status. Consequently, all the expenditures information must be moved to the "Last Fiscal Year" on our master file: the budget data from the "Next Fiscal Year" must be moved into the area for the "Present Fiscal Year", and the budget data from the "Second Fiscal Year" must be moved into the "Next Fiscal Year" area.

At this point, we have information on our files that reflect:
. A previously approved budget for the present year
. A tentatively approved budget for the next year
. No information for the second fiscal year

Therefore, we are ready to process actual expenditures for the new fiscal year against its budget while we still have the flexibility of modifying next year's budget and creating a second-year levy budget.

b. In the fall of the present fiscal year, the budget sheets for the next two years will be automatically prepared (Figure 5-1). The budgets are printed in organizational unit - department sequence with the line items (objects) being the budgeted items involved. The Department Head will be asked to make changes in his department's next-year budget that involved changes in "program only" since he had last prepared his budget, and to also fill in new data for the second-year budget.

The budget sheets will then be sent to the Business Affairs office for review. The Business Affairs office will make any general changes by applying factors or absolute amounts to desired fields. For example, if teachers' salaries were increased by a percentage factor, these changes could be applied against the master file directly. This concept could also be applied against certain line budget items that were affected by yearly changes in school population or by cost of living increases.

c. During February or March of the present fiscal year, the file would be updated by the budget changes that were made and the various reports for the School Board would be prepared for approval of the next year's operating budget and tentative approval of the levy budget.

d. Before the end of the fiscal year, we will hopefully have obtained budget approval by the School Board and changes made to the levy budget.

402.1 Budget Preparation Coordination.

It is apparent that by delegating certain budgeting responsibilities to the departmental level, some time constraints must be imposed so that each step of the budgeting process is completed in time.

The degree of cooperation in this regard will be dependent upon the degree of understanding that the budgeting staff has of the c ogniz- ance of their assignments. Consequently, early in-service training is suggested. With this approach, the departmental people will see that the system now allows them to partake to a greater extent in manag- ing their respective areas. However, along with this responsibility goes the responsibility of preparing the data.

The financial department must prepare a calendar indicating the dates that each phase of the budgeting process must be completed. An example of such a calendar is shown in Figure 6-6.

### VII.2 How the Budget Process Functions.

With a computer-operated system, there are advantages to segmenting data to its smallest usable dimension because the computer can accumu- late and summarize data very quickly and efficiently. However, this necessitates having a coding system whereby the account numbers have logical significance.

For this reason, we have developed a Chart of Accounts with a greater number of digits than would probably be required by most school dis- tricts. For example, we have designated eight general object areas:

| | |
|---|---|
| 100-199 | Salaries and Wages |
| 200-299 | Employee Benefits |
| 300-399 | Supplies and Materials |
| 400-499 | Contract Services |
| 500-599 | Capital Outlay and Replacement |
| 600-699 | Building |
| 700-799 | Debt |
| 900-999 | Other Expenses |

The coding breakdown within these categories is entirely flexible, depending on the object data a district desires to use. In the Chart of Accounts displayed herein, five categories of certified salaries are used. They can be reported:

- Individually by department within organizational unit
- Combined by department within organizational unit
- By the entire district
- For individual schools

As the need arises from one budgeting period to the next, additional detail accounts can be inserted as desired. Therefore, the actual individual budgets can be dynamic in that the information gathered can be enhanced from year to year. In addition, this does not preclude gathering special information during a budgeting year by the use of the activity code.

During the first budgeting year, under this system if the district is decentralizing their budget process to a greater degree than was done previously, some benchmarks of dollar expenditures must be made

by the financial department as a guideline for budgeting. In subsequent years sufficient history will have been gathered to develop dollar guidelines by object categories.

When all the budgets have been preliminarily approved, they are inputted into the system. As the system is used from year to year, only the changes to next year's budget have to be inputted when the second-year (levy) budget is prepared.

Budget reports are then prepared to relate expenditure budget data as they affect various dimensions and as they compare to previous years' budgets and actual expenditures. This gives the financial department and the School Board sufficient information to determine their total revenue requirements, to modify the expenditures where necessary, and to determine the levy requirements.

403. Expenditure Accounting.

As indicated earlier, at the end of a fiscal year all the "old year" expenditure data is moved into the "last-year actual expenditure" area and the "next year's" budget is moved into the "present year area" on the master file.

We are now prepared to process expenditure transactions against the master file. We have established the following prerequisites as part of the system:

- All expenditures must be made against a table of valid twelve-digit numbers (organizational unit - department - source - object).
- All purchase orders must contain valid expenditure numbers and the system will automatically encumber these dollars.

The frequency of updating the master file will depend on the user district which must evaluate the number of transactions and timeliness of output reports as they affect costs of processing.

The system will produce an edit listing of all the transactions being processed which will be the basic hard copy document recording in detail what has been inputted into the system.

If the transaction also contains an activity code, this information will be placed on a separate activity file in addition to being processed through the normal master file update routine.

403.1. Purchase Orders.

The issuance of a purchase order is a commitment against certain budgeted funds. This commitment is called an encumbrance. A sample purchase order is shown in Figure 6-3. This will be used on all purchases where there is an interim of time before the product or service is delivered. Direct payments such as utility bills, salaries, etc., would be applied directly when vouchers are prepared.

Essentially, the purchase order functions as a memo transaction which is used to determine a realistic budget balance for each budgeted item. For example, the budgeted line item for textbooks for the math department at the high school might look like this:

| | |
|---|---|
| Budgeted Amount | $800 |
| Encumbered (ordered but not delivered yet) | -300 |
| Expended (books paid for) | -220 |
| Budget Balance | $280 |

Therefore, there is still $280 remaining in this budget to purchase textbooks for the math department at the high school for this fiscal year.

A purchase order may apply against several budgeted items. In this instance, a separate twelve-digit code must be indicated on the purchase order for each budget item.

Provisions have been made on the purchase order form to indicate if reverse action is to be taken on submitted data, i.e., a cancelled purchase order or removal of data applied to the wrong budgeted item.

The system has been designed to maintain, on a separate file, all purchase orders that are still open. The system determines when a purchase order has been filled by the use of a "full" or a "partial" payment code when inputting voucher data.

403.2 Vouchers.

The payment to vendors is done through the voucher preparation routine. This accomplishes several things:

- Updates the master file for each budgeted object category involved. Therefore, if this is a payment of an encumbered item, it will move the data from "encumbered" to "expended".
- Updates the open purchase order file if this is a payment of an encumbered item.
- Creates a check to pay the vendor.

A separate transaction must be made for each budgeted object category. If one check is desired for a vendor, all payments to that vendor must be inputted consecutively and the system will then accumulate the data, print the detail information on the check stub and write one check.

The detail input requirements will be discussed in Section 900. Essentially, what transpires within the system when expenditure voucher data is inputted is that the fund balance for each object category is reduced and the cash balance for each fund category is also reduced, thereby maintaining an accounting balance.

[redacted] SCHOOL DISTRICT NO.
Proposed Chart of Accounts

## A. ORGANIZATION UNIT

0000 All Schools
0010 All Secondary Schools

0015 All Senior High Schools
0100 Central
0115 Dana

0030 All Junior High Schools
0100 Booth
0115 Smith
0200 Wood

0035 All Elementary Schools
0100 Allen Smith
0115 Burrowill
0200 Dana (Mt Area)
0275 Glen Lake
0300 Dana (SW Area)
0325 Hurley Heights
0400 Katherine Curran
0425 Katherine Curran Annex
0500 L.B. Vaughan
0525 Oak Knoll
0600 Westview

0800 As Needed for Other Elementary Schools

0025 Summer Program (All)
0100 Summer School

0015 All Adult Education Programs
0100 Adult Education

0005 All Other Programs
0100 Area Vocational-Technical Schools
0090 Units Associated With One or More Schools but Independently Administered
0098 Units Not Associated With a School or Administration Office
0099 Other Units Not Previously Identified

## B. DEPARTMENTS/SUBJECTS

0000 Does Not Apply
0100 Agriculture
0200 Art
0300 Business Education
0400 Distributive Education
0500 English Language Arts
0510 Debate
0520 Drama
0530 Reading
0600 Foreign Languages
0700 Health Occupations
0800 Health Safety & Phys. Ed.
0900 Home Economics
1000 Industrial Arts
1010 Crafts
1020 Drafting
1030 Electricity & Electronics
1040 Metalworking
1050 Power Mechanics
1060 Woodworking
1070 Graphic
1100 Mathematics
1200 Music
1210 Instrumental
1220 Vocal
1300 Natural Sciences
1310 Biological
1320 Earth-Space
1330 Physical
1400 Office Occupations
1500 Social Sciences
1600 Technical Education
1700 Trades & Industry
1800 General Education
1900 Exceptional Child Education
1910 Educable Mentally Handicapped
1920 Trainable Mentally Handicapped
1930 Learning Disabilities
1940 Speech Handicapped
1950 Hearing Handicapped
1960 Visually Handicapped
1990 Mentally Gifted
2000 Co-curricular Activities
2200 Academic Co-curricular Activities
2300 Athletic Co-curricular Activities

| | |
|---|---|
| 230 | Music Co-curricular Activities |
| 240 | School Services Co-curricular Activities |
| 250 | Social Co-curricular Activities |
| 300 | Science Education |
| 400 | Classroom (Grade Level, etc.) |

Departments Outside The Instructional Subject Area

| | |
|---|---|
| 0100 | General Audio Visual & Library Coordinator |
| 0110 | General Library Processing |
| 0120 | Library Services |
| 0130 | Audio-Visual Services |
| 0140 | Helping Teachers |
| 7100 | Superintendent |
| 7110 | Board of Education |
| 7120 | Public Information |
| 7130 | Business Affairs Director |
| 7140 | Budgeting and Accounting |
| 7150 | Information Systems Director |
| 7160 | Legal |
| 7170 | Personnel Director |
| 7180 | Purchasing |
| 7190 | Central Stores |
| 8000 | Central Receiving |
| 8010 | Central Printing & Publication |
| 8020 | Central Attendance |
| 8030 | Central Census |
| 8040 | Secondary Director |
| 8050 | Elementary Director |
| 8060 | Principal |
| 8070 | Instruction Coordinator |
| 8080 | Research & Development |
| 8090 | Maintenance |
| 9000 | Operation |
| 9010 | Laundry |
| 9020 | Food Service |
| 9030 | Pupil Personnel Coordinator |
| 9040 | Guidance Services |
| 9050 | Social Work Services |
| 9060 | Psychological Services |
| 9070 | Health Services |
| 9080 | Transportation |
| 9090 | Transportation Garages |
| 9100 | Community Services |
| 9110 | Recreation Services |
| 9120 | Summer School |
| 9130 | Adult Education |

E. Building/Project Figure 6-0
Feature

| | |
|---|---|
| 0000 | Title II, E.S.E.A. |
| 0005 | Title V, E.S.E.A. |
| 0007 | Title VI, E.S.E.A. |
| 0009 | V.E.A. |

Title I, E.S.E.A.

| | |
|---|---|
| 010 | Summer Pdg. 1968-69 |
| 011 | Summer Relations 1968-69 |

Title II, E.S.E.A.

| | |
|---|---|
| 020 | Title II, 1967-68 |
| 021 | Title II, 1968-69 |

Title III, E.S.E.A.

| | |
|---|---|
| 030 | Modular Scheduling 1967-68 |
| 031 | Modular Scheduling 1968-69 |

Title V, E.S.E.A.

| | |
|---|---|
| 050 | Field Test Finance 1968-69 |

Transportation

| | |
|---|---|
| 060 | Mentally Handi. W/I District-Special Classes |
| 061 | Physically Handi. W/I District-Regular Classes |
| 062 | Mentally Handi. W/I District-Regular Classes |
| 063 | Physically Handi. O/D District-Special Classes |
| 064 | Reimbursable Regular Contract |
| 065 | Non-Reimbursable Regular Contract |

Other Projects

| | |
|---|---|
| 202 | Special Events |
| 204 | Pre-School Workshops |
| 206 | Graduation |
| 208 | Recreation Program |
| 210 | School Newspaper |
| 212 | Recruiting/Screening |

Figure 6-1 continued

2. OBJECT

100 Series-Salaries & Wages

110 Executive
112 Instruction Admin.
114 Business Admin.
116 Instruction Consultant & Coordinator

120 Principals
122 Kindergarten
124 Certificated Regular

130 Supervisors
132 Regular

138 Secretary & Clerical
152 Counsel
156 Overtime

160 Substitutes

170 Supplemental Tutoring
172 Homebound Tutoring
174 Extra Assignments
176 Curriculum Development
176 Curriculum Development
178 In-Service Training
180 Dept. Chairman Pay

190

170 Departmental

180

190 Other Salaries

200 Series-Employee Benefits

200 Social Security
202 PERA
204 Supplemental Retirement
210 Personnel Insurance
221 Hospitalization
223 Major Medical
225 Disability Income
227 Life
229 Workmen's Compensation
299 Other Employee Benefits

300 Series-Supplies & Materials

310 Textbooks & Repair
320 Library Books
312 Professional Books & Material
314 Periodicals & Newspapers
320 Audio-Visual Aids & Newspapers
322 Film & Filmstrips
324 Records and Tapes
326 Models and Exhibits

330 General Supplies
332 Postage and Expense
334 Tests & Test Scoring
336 Towels, Locks, Uniforms, Etc.

340 Food

350 Repair Supplies-Sites
351 Repair Supplies-Bldg.
352 Repair Supplies-Equip.
353 Glass & Paint-Bldg.

360 Trans. Supplies-General
362 Gasoline
364 Oil and Grease
366 Tires and Tubes

399 Other Supplies & Materials

400 Series-Contract Services

402 Legal
404 Audit & Fiscal
406 Research & Planning
408 Curriculum Development Consultant
412 Other Professional
416 Data Processing
420 School Election
422 Printing & Publishing

400 Series (cont.)

430 Rental-Land & Bldgs.
432 Rental-Equipment
434 Rental-Supplies
440 Trans.-Public Carrier
442 Trans.-Private Carrier
444 Expense in Lieu of Transportation
446 Transportation-Departmental

450 Utilities-General
451 Electricity
452 Telephone & Telegraph
453 Water & Sewer
455 Gas
457 Oil
458 Coal

460 Repair-Sites
461 Repair-Bldg.
462 Repair-Equipment
463 Piano Tuning

470 Insurance-General
471 Property
473 Liability
475 Vehicles
477 Surety Bond
479 Judgment Against District

480 Snow Removal
482 Refuse Removal
484 Exterminating Service
486 Laundry & Dry Cleaning
488 Rug Service

490 Overload Services
492 Official Expenses
499 Other Contract Services

500 Series-Capital Outlay and Replacement

501 Site & Improvements
502 Sites & Improvements - Provisional

510 Bldgs. & Improvements
512 Bldgs. & Improvements - Provisional

520 Furniture - New
521 Machinery & Apparatus - New
522 Vehicles - New
523 Equipment Installation Purchase - New
524 Library Books - Initial
525 Audio-Visual - Initial
529 Equipment - Provisional

530 Furniture - Replacement
532 Machinery & Apparatus
534 Vehicles - Replacement
536 Equipment Install. Purchase - Replacement

599 Other Capital Outlay

600 Series-Building

600 Sites
610 Buildings
620 Architect Equipment
630 Furniture
631 Machinery & Apparatus
632 Vehicles
639 Equipment - Provisional

609 Other Building

700 Series- Debt

700 Bond Principal
710 Bond Interest

900 Series-Other Expense

901 Travel Within District
902 Travel Outside District
904 Field Trips
905 Dues & Membership
907 Tuition

991 Deficits of Student Activity Fund
993 Indebtedness of Discontinued District
994 Previous Years Certificates of Indebtedness
996 Abatements of Revenue
998 Transfers

999 Investments Purchased

Figure 4-2

ACTIVITY

100 Series-Activity Performed in More Than One Department

102 In-Service Training
104 Curriculum Development

200 Series-Activity Performed Involves More Than One Object Category

202 Custodial Services
204 Secretary and Clerical Services
206 Snow Removal Services

300 Series-Activity Performed Defined as a Specific Project for a Specified Period of Time

302 Reading Program Improvement
304 Math Program Improvement (Individualized Instruction Costs)
306 Custodial Improvement (New Scrubbing Machine Costs)

This is merely an example of how the activity dimension may be used. The actual coding for each district can be entirely unique to that district and used to report any data that a district wishes to accumulate on this file.

E. AREA OF RESPONSIBILITY

Instruction

1101 Instructional Services, Gen.
1111 Classroom Teaching
1121 Library Services
1131 Computer Assisted Instruction
1141 Educational TV Services
1151 Audio-Visual Services
1161 Homebound Teaching & Other Teaching
1171 Co-Curricular Activities

General Control

2101 General Administration
2106 Board of Education
2111 Business & Finance
2116 Data Processing
2121 Legal Services
2123 Fiscal Control
2126 Personnel Administration
2128 Census Enumeration
2129 School Election
2131 Warehousing & Distribution
2136 Centralized Printing & Publication Services
2141 Other General Control

Instructional Administration

2251 Instructional Admin., Gen.
2256 Administration of a School
2261 Improvement of Curriculum & Instruction
2266 Other Instructional Admin.

Research and Development

2371 R & D, General
2376 Research
2381 Development
3286 Evaluation
2391 Statistics
2396 Other R & D Services

Facilities, Maintenance & Operation (Current Operating Expenses)

2401 Plant Maint. & Oper., Gen.
2411 Site Maintenance
2416 Site Operation
2421 Building Maintenance
2426 Building Operation
2431 Built-In Equipment, Maint.
2436 Built-In Equipment, Oper.
2441 Movable Equipment, Maint.
2446 Movable Equipment, Oper.
2448 Vehicles Except Busses

Facilities, Acquisition or Improvements (Capital Outlay and Building Fund)

2551 Plant Acq./Improvement, Gen.
2561 Site Acq./Improvement
2571 Building Acq./Improvement
2581 Built-In Equipment Acq./Improvement
2591 Movable Equipment Acq./Improvement

Food Services

2601 Food Services, Gen.
2611 Food Preparation & Serving
2621 Transportation of Food
2631 Other Food Services

Pupil Personnel

2701 Pupil Services, Gen.
2711 Attendance Services
2716 Guidance Services
2721 Social Work Services
2726 Psychological Services
2731 Therapeutic Services
2741 Other Pupil Services

Health Services

2051 Health Services, Gen.
2061 Medical Services
2064 School Nurse Services
2071 Dental Services
2081 Other Health Services

Pupil Transportation
(Current Operating Expense)

2901 Transportation, Gen.
2911 Vehicle Operation
2921 Vehicle Servicing & Maint.
2931 Other Transportation Services

Community Services

7701 Community Services, Gen.
7711 Recreation
7721 Civic Activity
7731 Public Libraries
7741 Custody and Detention
7751 Welfare Activities
7761 Non-Public School Services
7771 Other Community Services

Outgoing Transfers

8001 Transportation Within State
8011 Transportation Outside State
8021 Tuition Within State
8031 Tuition Outside State

Debt Service

9911 Bond Redemption
9921 Long-Term Loan
9931 Short-Term Loan
9941 Current Loan

Figure 4-4

BUDGET CALENDAR
1969-70

| Category | Due Dates |
|---|---|
| 1. Budget Information<br>Budget material forwarded to staff by Business Affairs Office. | November 19 |
| 2. Budget Requests | |
| a. Building Departments (Prepared by department chairman and principal)<br>Date due in respective office:<br>- Principal | February 3 |
| - Director or Coordinator | February 17 |
| - Business Affairs | March 14 |
| 3. Superintendent's Review | |
| a. Review of preliminary operating budget | April 8 |
| b. Discussion of preliminary budget with administrative staff | April 14 |
| c. Final revisions to preliminary budget | April 28 |
| 4. Presentation of Proposed Operating Budget and Board Review | |
| a. Budget document mailed to Board | May 19 |
| b. Presentation and review | May 22 |
| c. Special Board meeting to consider proposed budget | May 29 |
| d. Board approval | June 19 |

300. OUTPUT REPORTS FOR EXPENDITURES

The basic objectives of a program oriented budgeting and accounting system is to have the flexibility of reporting data in a manner that will satisfy and assist the budgeting and accounting function and at the same time, supply useful management reports to the various administrative levels within the system. The management reports should reflect previous decisions, financial goals and commitments on a timely basis to allow modifications to be effected when they are meaningful.

Consequently, while adjustments and refinements in budget preparation can be done over a period of months, actual expenditures that might distort the budgeted plan should be signaled at the time these transactions are processed. We have prepared the following reports with this criteria in mind.

301. Budget-Related Reports

Budget Work Sheet (Figure 5-1) - a separate budget sheet will be prepared for each organizational unit - department - source code. The line items (objects) within each of these areas would then be listed with their corresponding information. New objects can be added as new departmental programs are developed.

This means that every budgeting department within the school district will have a separate budget sheet. In the event that a department is utilizing funds from a source other than from the district, a separate budget will be prepared for those funds.

- Budget Report by Building Department (Figure 5-2) - this is a comparative report by organizational units within building departments which would indicate the relationship of next year's budget and the levy budget to the present-year budget and the previous year's actual expenditures. This report would indicate the relationship of one school to another and for a department as a whole. A Supplementary Report (Figure 5-3) would list summary figures for both district-wide and building departments.

- Budget Report by Organizational Unit (Figure 5-4) - this would break down the budgeting to the organization unit level with a listing of each departmental budget within an organizational unit. We would print a comparison of last year's actual expenditures to this year's and next year's budget. We would also indicate the differences in budget between this and next year.

  Consequently, the entire budget for each school can be conveniently displayed and the major differences from year to year would be readily apparent.

- Budget Report by Area of Responsibility (Figure 5-5) - this report would be printed by area of responsibility comparing last year's actual expenditures to this year's and next year's budget. We would

also indicate the differences in the budgets. For more consolidated information, we would also print a summary report with just the area of responsibility totals.

- Disbursement Report by Fund (Figure 5-6) - this report would compare the dollars actually expended in each fund last year with the budget this year and next, indicating the difference in budgets.

- Unit Administrators Budget Report (Figure 5-7) - this report would be formatted for columnar information the same as the organizational unit report except that this report would detail each departmental budget down to the objects within the departments.

You will note that these budget reports utilized basically the same information displayed in a different dimension for different purposes.

502. Operational Output Reports

The previous reports indicated the data that was available and could be reported regarding budgets. The following reports are designed to supply management information concerning the operational year. It should be kept in mind that the user district will be supplied, in detail, computer listing of the transactions that were processed, with dollar and hash total balances as dictated by the system for necessary financial control.

Consequently, the following reports are additional data to assist in controlling the actual commitments to the budgeted dollars:

- Expenditure Guideline Report by Organizational Unit (Figure 5-9) - this is a report of expenditures and encumbrances against what was budgeted with a calculation of the budget balance. It is anticipated that a separate page would be printed for each department so that the individual who prepared the budget would get a copy of his progress towards his budget.

- Expenditures, Encumbrances Warning Report (Figure 5-10) - the system is designed to warn when the actual dollar commitments, on a department, organizational unit or fund level, are approaching the budgeted amounts. In this way, action on use of funds can be taken in time to affect budgetary controls. The percentage can be varied by district as desired.

- Expenditures & Encumbrances Exceed Budget Amount Report (Figure 5-11) - although a department may well be within its total budget, certain line items (objects) within the department may have exceeded their budgeted amount. This report would be beneficial for the budget administrator to be aware of these occurrences for adequate control of the system.

- Transaction Audit Report (Figure 5-12) - we have anticipated, for audit purposes, a monthly sorting of the actual expenditures transactions into object order.

- Expenditure Guideline Report by Area of Responsibility (Figure 5-13) - this is a report of the progress against the budget by area of responsibility. This report would give a bird's-eye view of district-wide expenditures for administrative information.

- Monthly Purchase Order and Voucher Transactions by Budgeting Area (Figure 5-14) - this report is a listing of all transactions for the month by budgeting area. It is used to reconcile the summary expenditure data reported in other reports.

EXPENDITURE BUDGET WORK SHEET
FOR
INDEPENDENT SCHOOL DISTRICT NO. _____
SCHOOL YEAR JULY_____ THROUGH JUNE _____

Figure 3-1

Organizational Unit: 210 Central Senior High  Department: 405 Principal's Office  Source: _____

| | Past Year | This Year | Next Year |
|---|---|---|---|
| Students: | 2298 | 2342 | |

Date Submitted: _____
Date Reviewed: _____
Date Approved: _____

| Object Number | Description | 1967-68 Last Year Actual | Yr.-to-Dt. Total Charges | This Year's Budget | 1968-70 Nxt Yrs Proj. Bdg. Budget | Next Year's Revis. 1 Budget | 1970-71 Long Budget | Principal and/or Director Review Comments and Change Approval |
|---|---|---|---|---|---|---|---|---|
| 122 | Certificated Sub. | 4 | 0 | 250 | 300 | | | |
| 300 | Textbooks | 24,678 | 12,565 | 29,400 | 26,400 | | | |
| 330 | Gen. Supplies | 16,595 | 4,902 | 24,500 | 20,200 | | | |
| 446 | Transportation | 275 | 100 | 300 | 300 | | | Comment: |
| 462 | Repairs | 414 | 16 | 200 | 400 | | | 1. Leave at least 3 sp. between objects so that in Revision col., the Dept. person can indicate his need on 1st line, Principal on 2nd line and Director on 3rd line. |
| 520 | Furniture/New | 2,000 | 0 | 0 | 1,200 | | | |
| 530 | Furniture/ Replacement | 500 | 0 | 505 | 0 | | | |
| 521 | Machine & Apparatus/New | 3,092 | 1,028 | 7,404 | 4,200 | | | 2. Suppress cents on all reports. |
| | Total: Principal Office | 47,558 | 18,611 | 62,759 | 61,000 | | | |

Figure 3-2

BUDGET REPORT BY BUILDING DEPARTMENT

| | (Past Yr) 1967-68 Actual | (Pres.Yr) 1968-69 Budget | (Next Yr) 1969-70 Budget | (2nd Yr) 1970-71 Budget |
|---|---|---|---|---|
| PRINCIPAL'S OFFICE | | | | |
| Central Sr. High | 91787 | 77350 | 81430 | 82525 |
| New Sr. High | | | | |
| Sr. High Total | 136420 | 142320 | 147325 | 149120 |
| North Jr. High | 29971 | 30080 | 32540 | 33005 |
| South Jr. High | | | | |
| West Jr. High | | | | |
| Jr. High Total | 60172 | 77420 | 81300 | 83670 |
| Bushnell Elementary | 16017 | 15660 | 16380 | 16640 |
| Westview | | | | |
| Total Elementary | 154205 | 167620 | 171600 | 173420 |
| TOTAL PRINCIPAL'S OFFICE | ****** | ****** | ****** | ****** |
| ART | | | | |
| Central Sr. High | 9599 | 10875 | 11420 | 11500 |
| New Sr. High | | | | |
| Sr. High Total | 18721 | 21420 | 22000 | 23400 |
| North Jr. High | 7901 | 7980 | 8200 | 8500 |
| South Jr. High | | | | |
| West Jr. High | | | | |
| Jr. High Total | 12156 | 11200 | 11900 | 12200 |
| TOTAL ART | ***** | ***** | ***** | ***** |
| All Building Departments GRAND TOTAL | ****** | ****** | ****** | ****** |

Figure 5-3

SUMMARY REPORT OF ALL DEPARTMENTS

| | 1969-69 Actual | 1969-69 Budget | 1969-70 Budget | 1970-71 Budget |
|---|---|---|---|---|
| Superintendent's Office | 84239 | 81020 | 82040 | 84240 |
| School Board | 8425 | 7800 | 8250 | 8500 |
| Total District Offices | ------- | ------- | ------- | ------- |
| Principal's Office | 178213 | 186760 | 196000 | 201000 |
| Art | 21755 | 20600 | 21630 | 22240 |
| Athletics | 32255 | 37500 | 39170 | 40420 |
| Total Building Departments | ------ | ------ | ------ | ------ |
| Total all Departments | ------- | ------- | ------- | ------- |

Figure 3-4

BUDGET REPORT BY ORGANIZATIONAL UNIT

| | 1967-68 Actual | 1968-69 Budget | 1969-70 Budget | Difference In Budget |
|---|---|---|---|---|
| All Schools | | | | |
| Superintendent's Office | 84239 | 89020 | 82040 | -2980 |
| Board of Education | 8423 | 7800 | 8250 | 450 |
| Business Office | 1190321 | 1412520 | 1483150 | 70630 |
| Census | | | | |
| Total All Schools | ======= | ======= | ======= | ===== |
| All Secondary Schools | | | | |
| Secondary Directors Office | 93329 | 123370 | 129540 | 6170 |
| Total All Secondary Schools | ===== | ====== | ====== | ===== |
| Central Jr. High | | | | |
| Principal's Office | 71787 | 77150 | 81430 | 3880 |
| Art | 9199 | 10875 | 11420 | 545 |
| Athletics | | | | |
| Total Central Jr. High | ===== | ===== | ===== | ==== |

(Minor Totals at each Level of Education -- Sr. High, Jr. High, etc.)
(Grand Total of Whole Budget)

Figure 5-5

BUDGET REPORT BY AREA OF RESPONSIBILITY

| | Prev.Yr Actual 1967-68 | Prev.Yr. Budget 1968-69 | Next Yr. Budget 1969-70 | Difference In Budgets |
|---|---|---|---|---|
| Instruction | | | | |
| Classroom Teaching | 36,799.21 | 4,784.20 | 4,919.20 | 214.20 |
| Library Services | 984.43 | 1118.36 | 1174.40 | 64.04 |
| Instruction Total | ======= | ======= | ======= | ====== |
| General Control | | | | |
| Business & Finance | | | | |
| Board of Education | | | | |
| General Control Total | ======= | ======= | ======= | ====== |
| Instruction Administration | | | | |
| Administration of a School | | | | |
| Improvement of Curriculum and Instruction | | | | |
| Instr. Admin. Total | ======= | ======= | ======= | ====== |
| Facilities: Maintenance and Operation | | | | |
| Site Operation | | | | |
| Building Maintenance | | | | |
| Fac. Maint. & Oper. Total | ======= | ======= | ======= | ====== |
| Health Services | | | | |
| Medical Services | | | | |
| School Nurse Services | | | | |
| Total Health Services | ======= | ======= | ======= | ====== |
| Debt Service | | | | |
| Bond Redemption | | | | |
| Short Term Loan | | | | |
| Total Debt Service | ======= | ======= | ======= | ====== |
| TOTAL | ======== | ======== | ======== | ======= |

(For a more consolidated report, we could list just the totals for each Area of Responsibility)

Figure 5-6

[illegible] REPORT OF FUND

| | Year-To-Date Actual 1982-83 | Year-To-Date Budget 1982-83 | Next Yr. Budget 1983-84 | Difference Vs Budgets |
|---|---|---|---|---|
| General Fund | 7203811 | 8983832 | 9439832 | 456000 |
| Food Service | 439438 | 487775 | 487775 | 29000 |
| Capital Outlay | | | | |
| Building Fund | | | | |
| Debt Redemption | | | | |
| Fully Financed Aid | | | | |
| Total | 13643249 | 13471178 | 13926178 | 455000 |

Figure 5-7

[illegible] CERTIFICATED BUDGET REPORT

| | Prev.Yr. Actual 1992-93 | Prev.Yr. Budget 1992-93 | Next Yr. Budget 1993-94 | Difference to Budget |
|---|---|---|---|---|
| General Senior High | | | | |
| Principal's Office | | | | |
| Certificated Regular Dept Books Supplies | 67000 | 58200 | 53371 | 3831 |
| Total Princ. Office | 71767 | 77150 | 81430 | 3800 |
| Art | | | | |
| Certificated Regular General Supplies Furniture - New | 7142 | 6400 | 6800 | 400 |
| Total Art | 9290 | 10875 | 11430 | 541 |
| Athletics | | | | |
| Certificated Regular General Supplies Transportation | | | | |
| Total Athletics | | | | |
| Guidance | | | | |
| Certificated Regular General Supplies Memberships | | | | |
| Total Guidance | | | | |
| Home Economics | | | | |
| Certificated Regular Mach. & Apparatus Replacement | | | | |
| Total Home Economics | | | | |
| TOTAL CENTRAL SERVICE OFFICE | | | | |

Figure 3-8

[illegible] ASSESSMENT DISTRICT BUDGET REPORT

| | Prec.Yr. Actual 1967-68 | Prec.Yr. Budget 1968-69 | Next Yr. Budget 1969-70 | Difference in Budgets |
|---|---|---|---|---|
| Central Junior High | | | | |
| Consolidated Regular | | | | |
| Principal's Office | [illegible] | [illegible] | [illegible] | [illegible] |
| Art | [illegible] | [illegible] | [illegible] | [illegible] |
| Athletics | [illegible] | [illegible] | [illegible] | [illegible] |
| Guidance | [illegible] | [illegible] | [illegible] | [illegible] |
| Home Economics | [illegible] | [illegible] | [illegible] | [illegible] |
| Total Cons. Regular | [illegible] | [illegible] | [illegible] | [illegible] |
| General Supplies | | | | |
| Principal's Office | | | | |
| Art | | | | |
| Athletics | | | | |
| Guidance | | | | |
| Home Economics | | | | |
| Total General Supplies | [illegible] | [illegible] | [illegible] | [illegible] |
| Replacements Replacement | | | | |
| Principal's Office | | | | |
| Art | | | | |
| Athletics | | | | |
| Guidance | | | | |
| Home Economics | | | | |
| Total Furniture Replacement | [illegible] | [illegible] | [illegible] | [illegible] |
| TOTAL SCHOOL SITE | [illegible] | [illegible] | [illegible] | [illegible] |

Figure 5-8

[illegible]
By Organizational Unit
FYE Month Ending December 31, [illegible]

| | A<br>FYE Expend. | B<br>Encumb. | C<br>Budget | C-(A+B)<br>Budget<br>Balance |
|---|---|---|---|---|
| **All Schools** | | | | |
| Superintendent's Office | | | | |
| Non-Certificated-Regular | 4,272 | 0 | [illegible] | 4,309 |
| General Supplies | 596 | [illegible] | 973 | 174 |
| Consultation | 0 | 0 | 2,500 | 2,500 |
| Total Supt. Office | [illegible] | [illegible] | [illegible] | [illegible] |
| Board of Education | | | | |
| Travel w/i District | 61 | 0 | 100 | 39 |
| Travel o/s District | 13 | 0 | 800 | 787 |
| Total Board of Ed. | [illegible] | [illegible] | [illegible] | [illegible] |
| TOTAL ALL SCHOOLS | [illegible] | [illegible] | [illegible] | [illegible] |
| **Central Junior High** | | | | |
| Principal's Office | | | | |
| Certificated-Regular | 34,750 | 0 | 34,750 | 17,500 |
| General Supplies | 7,133 | 3,448 | 8,200 | -1,381 |
| Furniture-New | 2,500 | 430 | 2,500 | -1,430 |
| Total Prin. Office | [illegible] | [illegible] | [illegible] | [illegible] |
| TOTAL CENTRAL JR. HIGH | [illegible] | [illegible] | [illegible] | [illegible] |
| **West Junior High** | | | | |
| Principal's Office | | | | |
| General Supplies | | | | |
| Total Prin. Office | | | | |
| Guidance | | | | |
| General Supplies | | | | |
| Total Guidance | | | | |
| TOTAL WEST JR. HIGH | [illegible] | [illegible] | [illegible] | [illegible] |

Comments:
1. Report organized by object within department within organizational unit.
2. Separate page for each department within a given organizational unit.

Figure 5-33

EXPENDITURE, ENCUMBRANCE AUDITOR REPORT
YTD Month Ending December 31, 1968

| Total charges for the following departmental objects are within 90% of the budgeted amount. | A YTD Expend | B YTD Encumb | C Budget | D=(A+B) C Budget Balance |
|---|---|---|---|---|
| Central Junior High | | | | |
| Home Economics | | | | |
| Textbooks | 502 | 150 | 700 | 47 |
| Science | | | | |
| Textbooks | 470 | 0 | 500 | 29 |
| General Supplies | 595 | 75 | 800 | 29 |
| West Junior High | | | | |
| Principal's Office | | | | |
| General Supplies | 7415 | 450 | 8000 | 5% |
| Repairs | 180 | 0 | 200 | 10 |
| Practice Elementary | | | | |
| Principal's Office | | | | |
| Rentals | 325 | 0 | 340 | 5 |

Comments:

1. Report presently used by administrators on reviewers of budgets.

2. Other reports available as follows:

   a. The total charges for the following departments are 90% of the budgeted amount.

   b. The total charges for the following organizational units are 90% of the budgeted amount.

   c. The total charges for the following funds are 90% of the budgeted amount.

Figure 3-11

[illegible]

YTD Month Ending December 31, 1988

| Total Charges for the following departmental objects exceed budgeted amounts. | A YTD Expend | B YTD Encumb | C Budget | (A+B)-C Amt Over Budget |
|---|---|---|---|---|
| Central Junior High | | | | |
| Principal's Office | | | | |
| General Supplies | $[illegible] | $[illegible] | $[illegible] | [illegible] |
| Furniture-New | [illegible] | [illegible] | [illegible] | [illegible] |
| North Junior High | | | | |
| Athletics | | | | |
| Machine & Apparatus-New | [illegible] | $ | [illegible] | [illegible] |
| Business Affairs Office | | | | |
| Overhead Services | [illegible] | | [illegible] | [illegible] |

Comments:

1. Report primarily used by administrators as reviewers of budgets.

Figure 5-12

[illegible] AUDIT REPORT OF EXPENDITURES BY OBJECT

For the Month of December 1968

| Object & Name | Amount | Check | Vendor Name | Invoice # |
|---|---|---|---|---|
| 300 Textbooks & Reports | | | | |
| | 150.00 | 0760 | Hamlinegan Comp. | 0170A9 |
| | 732.98 | 0861 | Hamlinegan-Hill | 6986 |
| | [illegible] | 10333 | Hamlinegan Comp. | 114230 |
| Total | 1007.13 | | | |
| 350 General Supplies | | | | |
| | 40.71 | 9836 | Co. Paul Book | 178.39 |
| | 101.57 | 9881 | Riverside Office | 12391 |
| | 124.31 | 9923 | General Office | 73941.1 |
| | [illegible] | 9941 | Co. Paul Book | 18247 |
| | [illegible] | 9979 | Co. Paul Book | 17983 |
| Total | 1180.94 | | | |
| 410 Repairs & Equipment | | | | |
| | 12.50 | 10159 | Oregon Office Equip. | 124 |
| | 17.80 | 10832 | Johnson Piano Repair | 1171 |
| Total | 30.30 | | | |
| 700 Bond, Principal | 1,000,000.00 | 10834 | Cert Merchants Bank | 78911 |
| | [illegible] | 10835 | Cert Merchants Bank | 78911 |
| Total | 11,040,40.00 | | | |
| [illegible] Total | [illegible] | | | |

Figure 3-13

[illegible]
[illegible] AREA OF [illegible]
For the Month Ending_____

| | [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|---|
| [illegible] | | | | |
| [illegible] | | | | |
| [illegible] | | | | |
| [illegible] | | | | |
| Total | | | | |

Figure 5-14

PURCHASE ORDER AND VOUCHER TRANSACTIONS
By Budgeting Area

For Month Ending _____

| Org./Subc./Dept./Source | TR Code | P | P.O. | Date | PO # | Check # | Amount | Var. |
|---|---|---|---|---|---|---|---|---|
| 005-700-00 | 02 | | | 8/14 | 4294 | | 173.00 | |
| | 02 | * | | 8/14 | 4268 | | 69.50 | |
| | 02 | | * | 8/14 | 4269 | | 103.20 | |
| | | | | | | | 350.70 | |
| | 03 | | | 8/3 | 4112 | 4294 | 33.00 | |
| | 03 | | | 8/7 | 4180 | 4321 | 197.00- | 3.00 |
| | 03 | | | 8/10 | 4201 | 4360 | 73.00 | .00 |
| | | | | | | | 303.00 | |
| 005-710-0000 | 03 | | | 8/15 | | 4434 | 225.00 | .00 |
| 005-730-0000 | 02 | * | | 8/2 | 4245 | | 89.50 | |
| | 02 | | | 8/4 | 4257 | | 187.80 | |
| | | | | | | | 277.30 | |
| | 03 | | | 8/6 | 3620 | 4370 | 600.60 | |

### xxx. xxxxxx xxxxxxxx xxx xxxxxxxxx

Utilizing the same format as we have used with expenditures, we are maintaining revenue data on the same master file as expenditures.

xxx. Chart of Accounts

The attached Revenue Chart of Accounts indicates our revenue account breakdown (Figure 6-1). By coding our receipts with the indicated fund and source of revenue codes, we have developed a file whereby the revenue accounts will automatically follow the expenditures.

In order to enhance the flexibility of accounting and reporting of revenue we have also expanded the coding structure to include organizational unit and department.

In the majority of instances, the fund and source of revenue will be the lowest level of information desired. However, in certain areas it would be very helpful to be able to break revenue down to a finer dimension. For example, we might want to ascertain what part of Vocational Education revenue was received for the day school for adult education and for what departments. By also adding organizational unit and department codes, we can determine this information.

Therefore, the following code structure would be utilized for revenue budgeting and accounting:

| A<br>Fund | B<br>Source of Revenue | C<br>Organizational Unit | D<br>Department |
|---|---|---|---|
| 911 to 920 | xxx | xxx | xxx |

- Revenue by Major Sources (Figure 6-4) - this is a summary report of the sources of revenue.

xxx. Revenue Budgeting

The budget worksheets are prepared by the computer for the district financial department. These budgets are by fund with the budgeted items being the "source of revenue - organizational unit - department". This is illustrated in Figure 6-3. The organizational unit and departmental codes would be the same as are used with expenditures.

The data illustrated in the budget worksheet is information which is already on the file. The current year's budget and the actual receipts last year and year-to-date is fixed information. However, next year's preliminary budget is subject to revision by any additional pertinent revenue data. With this information and with the expenditure budget information, the financial department can prepare the levy budget for two years hence.

6112.1 Revenue Budget Reports.

After the new data is inputted from the revenue budget worksheets, the system will prepare the following budget reports:

- School Board Revenue Budget Report (Figure 6-3) - this is a comparative listing of the sources of revenue within each fund. This type of report will allow the School Board to pinpoint the areas where there are significant changes from prior years.

- Revenue by Major Sources (Figure 6-4) - this is a summary report of the sources of revenue.

6113. Revenue Accounting

Batches of receipts transactions are inputted into the system along with expenditure batches of purchase orders and vouchers.

The data to inputted on a receipts transaction card which is illustrated in the input section of this manual. As the revenue records are updated, the appropriate fund balance and cash accounts are also updated to maintain an accounting balance.

A revenue reporting report is prepared (Figure 6-5) by source of revenue within funds. This report gives a comparative analysis of all the sources of revenue by funds with a calculation of the variance between the budgeted amount and the year-to-date receipts.

[illegible] SCHOOL DISTRICT NO.
Proposed Chart of Accounts

6- FUND

910 General
912 Food Service
913 Trust
914 Building Rehabilitation
915 Capital Outlay
916 Building
917 Debt Service
918 School Auxiliary
919 Fully Financed Programs
920 PSBA

9- SOURCES OF REVENUE

100 Revenue From Local Sources

110 Property Taxes
111 Current Taxes
112 Back/Delinquent Taxes
113 Taxes in Advance
114 Payments in Lieu of Taxes

120 Sales Taxes

130 Income Taxes

140 Special Taxes
141 Current Taxes
142 Back/Delinquent Taxes
143 Taxes Advanced
144 Payments in Lieu of Taxes

150 Tuition and Transportation
151 Tuition From Students and Patrons (10.3)
155 Transportation From Students and Patrons (10.3)

160 Student Sources
161 Fees and Rental
162 Athletics
163 Music
164 Food Service

170 Interest
171 Permanent Funds and Endowments (10.81)
172 Temporary Deposits & Investments (10.82)

180 Other Revenue From Local Sources
181 Net Receipts From Clearing Accounts (10.83)
182 Rent From School Facilities (10.84)
183 Rent From Property Other Than School Facilities (10.85)
184 Gifts and Bequests (10.86)

100 Revenue From Intermediate Sources

110 Property Taxes
111 Current Taxes (20.0)
112 Back/Delinquent Taxes
113 Taxes in Advance
114 Payments in Lieu of Taxes

120 Sales Taxes
130 Income Taxes

140 Special Taxes
141 Current Taxes

150 Tuition & Transportation
151 County's Share of Tuition for Secondary Pupils (20.11)
152 County's Share of Transportation for Secondary Pupils (20.12)

160 Investment Sources

170 Interest

180 Other Revenue From Intermediate Sources
181 County Appropriations (20.1)
182 Taxpayer Revenue for Bond Retirement (20.6)

200 Revenue From State Sources

210 Foundation Program Aid (30.131)
211 Endowment Fund Aid (30.11)
212 Income Tax Distribution (30.12)
219 Share of County Tuition for Secondary Pupils (20.21)

220 Transportation
221 Independent District Transportation Aid (30.1321)
229 Transportation of Physically Handicapped (30.1324)

239 Share of County Transportation for Secondary Pupils (20.31)

280 Special Education
281 Special Instruction for Handicapped & Trainable (30.1333)

290 Emergency Aid

250 Vocational Education (30.134)

260 Sales Taxes
261 School General Distribution (30.1611)
262 Personal Property Tax Replacement (30.1612)
263 Homestead Credit (30.1613)

270 Other

280 Other Revenue From State Sources
281 Mobile Homes (30.163)
282 Recreation (30.162)
283 Airport (30.168)
284 Grass Earnings (30.168)
285 Non-Taxable Land
286 State Trust Fund Lands
287 Food Service Aid (30.4)

400 Revenue From Federal Sources

420 Vocational Education (30.33)

430 Educational Opportunity Act 19 (PL 88-452)
431 Title IB - Neighborhood Youth Corps
432 Title IIA - Community Action Programs (Basic Adult Ed.)
433 Title IIB - Economic Opportunity Act
434 Title IIA, IIB - Special Poverty Programs

440 Elementary and Secondary Education Act (PL 89-10
441 Title I - Educationally Deprived

Figure G-1

- 662 Title II - Library
- 663 Title III - Supplementary Education
- 665 Title V - Special Education Projects
- 666 Title VI - Special Education

- 630 National Defense Education Act (PL 864)
- 631 Title III - Construction
- 632 Title VB - Guidance

- 660 Food Service
- 661 Food Service Aid (30.4)
- 662 School Milk Program

- 670 Other Revenue From Federal Sources
- 671 Federal Forest Lands (30.24)
- 672 Johnson-O'Malley Act (PL 73-167)
- 673 Adult Education-Indian Program (PL 67-85)
- 674 Construction/Federally Impacted Areas (PL 81-815)
- 675 Maintenance and Operation/ Federally Impacted Areas
- 676 Assistance for Public Schools Affected by Major Disasters (PL 89-313)
- 677 Immigration & Nationality Act (PL 414)
- 678 Juvenile Delinquency & Youth Offenses Control Act 1961 (PL 87-274)
- 679 Migrant Health Act 1962 (PL 187-692)
- 680 Vaccination Assistance Act 1962 (PL 87-868)
- 681 Educational Television Broadcasting Facilities (PL 87-447)
- 682 Library Services and Construction (PL 88-269)
- 683 Title II - Civil Rights Act 1964 (PL 88-352)
- 684 Title IV - Civil Rights Act 1964 ( PL 88-352)
- 685 Teaching Materials for the Blind (20 USC 101-106)

- 690 Research and Demonstration Projects in Educ.for the Handicapped (PL 89-164)
- 697 Area Redevelopment Act (PL 87-27)
- 699 (Civil) Defense Adult Education Program

## 700 Non-Revenue

- 710 Unreimbursed Certificates of Indebtedness (NE)
- 720 Sale of Materials & Supplies Purchased for Resale (70.1)
- 730 Sale of Real Property (70.2)
- 740 Sale of Equipment (70.3)
- 750 Sale of Lunches (70.4)
- 760 Sale of Bonds (30. )
- 770 Insurance Recovery (70.5)

## 800 Incoming Transfers

- 810 Tuition from Within the State (80.1)
- 820 Tuition from Outside the State (80.1)
- 830 Transportation from Within the State (80.2)
- 840 Transportation from Outside the State (80.2)
- 850 Other From Within the State (80.3)
- 860 Other From Outside the State (80.3)

## 900 Abatements

## 910 Interfund Transfers

## 950 Investments Sold

REVENUE BUDGET WORKSHEET
FOR
INDEPENDENT SCHOOL DISTRICT NO. _____
School Year July____ Through June _____

Figure 6-2

FUND
01 GENERAL

| Source of Revenue No. | Organization No. | Dept. No. | Description | 1967-68 Last Yr. Actual | Year-to-Date Receipts | This Yr's Budget | 1968-70 Next Year's Prelim Budget | Next Year's Revis'd | 1970-71 Survey Budget | Comments |
|---|---|---|---|---|---|---|---|---|---|---|
| 111 | | | Current Property Taxes | 4,072,581 | 2,565,648 | 4,250,251 | 4,761,040 | | | |
| 141 | | | Current Special Taxes | 28,562 | 16,492 | 48,000 | 51,600 | | | |
| 151 | | | Tuition From Student | 815 | 783 | 1,200 | 1,470 | | | |
| 195 | | | Trans. From Students | 962 | 333 | 1,000 | 1,104 | | | |
| 161 | | | Fees & Rental | | | | | | | |
| | 210 | 410 | Art Dept. | 2,150 | 1,620 | 2,400 | 3,770 | | | |
| | 210 | 415 | Athletic Dept. | 14,736 | 13,269 | 16,481 | 18,400 | | | |
| | 210 | 515 | Physical Ed. Dept. | 3,270 | 1,765 | 3,400 | 3,250 | | | |

73

Figure 6-3

[illegible] BUDGET REPORT

| | 1967-68 Actual | 1968-69 Budget | 1969-70 Budget | 1970-71 Budget |
|---|---|---|---|---|
| [illegible] Fund | | | | |
| Revenues From Local Sources | | | | |
| Property Tax | | | | |
| Income Tax | | | | |
| Special Tax | | | | |
| Tuition & Transportation | | | | |
| Misc. | | | | |
| Revenues From Intermediate Sources | | | | |
| Misc. | | | | |
| Total General Fund | | | | |
| Food Service Fund | | | | |
| Federal Food Service Aid | | | | |
| Sale of Lunches | | | | |
| Misc. | | | | |
| Total Food Service Fund | | | | |
| Capital Outlay Fund | | | | |
| TOTAL ALL FUNDS | | | | |

(Also list summary with fund totals only)

Figure 0-6

SOURCES OF VALUE ADDED

| | 1967-68 Actual | 1968-69 Budget | 1969-70 Budget | 1970-71 Budget |
|---|---|---|---|---|
| Revenue from Local Sources | ------ | ------ | ------ | ------ |
| Intermediate Sources | ------ | ------ | ------ | ------ |
| State | | | | |
| Federal | | | | |
| Non-Revenue | | | | |
| Etc. | | | | |
| Total All Sources | ------ | ------ | ------ | ------ |

Figure 6-1

SOURCES OF REVENUE BY FUND

For Month Ending _____

| | M.T.D. | Y.T.D. | Budget | Variance |
|---|---|---|---|---|
| General Fund | | | | |
| Sales Tax | | | | |
| Income Tax | | | | |
| Special Taxes | | | | |
| Total General Fund | ------ | ------ | ------ | ------ |
| Food Service | | | | |
| Etc. | | | | |
| TOTAL ALL FUNDS | ------ | ------ | ------ | ------ |

VIII. BALANCE AND EQUITY ACCOUNTS

To this point, we have described the expenditure and revenue capabilities of the system. For a complete accounting system, we must maintain certain other accounts.

VIII. General Ledger (Balance Accounts), Fund Balance, Asset and Liabilities Chart of Accounts

The Balance and Equity Chart of Accounts (Figure 7-1) applies seven digits and is, therefore, compatible with the expenditure and revenue numbering formats. Therefore, general fund is really 001-000-000-000, although only the first three digits are required in coding.

With this technique we are, therefore, also able to maintain cash balance account, by fund, where desirable, by using the second set of three digits to denote fund. For example, cash for the general fund would be coded 040-001,000-000.

Consequently, we now have the flexibility of utilizing the system to varying degrees of accounting complexity from a modified cash system to a complete accrual accounting system.

VIII.1 Utilizing the Balance Accounts.

The least complex system must utilize certain balance and equity accounts as follows:

The most complex system must utilize certain balance and equity accounts as follows:

- Fund Balance Accounts - a general fund MUST be established. Up to 19 other funds may be established (001 to 999).

- Cash Balance Accounts - cash balances are maintained by fund. At least one cash balance account for the general fund must be maintained. This would be coded 040-001-000-000.

- Investment Balance Account - this field would record the aggregate purchases and sale of investments and retain an aggregate investment balance. Because of the nature and possible diversity of investments, it has been anticipated that this would be retained as a manual subsidiary file.

- An Encumbered Reserve Account for each fund - this account is used for maintaining the prior years encumbered obligations that will be paid for in the current year. These accounts will be automatically updated in the "end-of-year" routine and the respective fund balances would be decreased. An encumbered reserve account for the general fund would be coded 070-001-000-000.

- Clearing Accounts - In order to maintain our dollar balances for payroll, it will be necessary to keep clearing accounts for those dollars that were withheld from the employee but not paid out until a later time (i.e., Withholding Tax,

Encumbrance, etc.). The entries will be made to these records when the actual district expenditures are made. The system will allow for nine clearing accounts (900-908).

In addition to the above required accounts, the system is designed to allow the use of any other asset or liability accounts designated by the district. This is possible because the input requires the coding of any asset or liability account used by each district when that three fund and cash accounts affected through normal expenditures and receipt transactions. This will be explained in detail in the input section.

VII.2 Basic Transaction Run.

Figure 7-2 conceptualizes the basic transaction run of the system, as it affects the master file. As voucher transactions are processed, the system recognizes the associated fund that is involved with each expenditure and accumulates the dollars involved. The same technique holds true for revenue transactions. Subsequently, the dollars received and expended are posted to the respective fund balance and cash accounts.

When an investment is made, the system is told through the input procedure to debit account 941 (Investment) and credit the respective cash accounts involved.

Consequently, we maintain the following accounting equations:

Total Receipts - Total Expenditures = Fund Balances - Beginning Fund Balances

Fund Balances = Total Assets - Total Liabilities

VII. Balance Account Reports

The system will prepare reports that will display balance sheet and account reconciliation data:

- Fund Balance Report (Figure 7-3) - this report indicates the balance and month and year-to-date transaction totals for each fund.

- Detail Balance Reports (Figures 7-4 and 7-5) - these reports list each asset or liability balance account with the detail of the total month and year-to-date additions and deductions and are used to assist in reconciling cash, investments, withholding, etc., to any detail subsidiary ledgers that are maintained.

- Balance Sheet Report (Figure 7-6) - this is the summary report of asset, liability and equity balances.

Figure 9-1

BALANCE AND EQUITY ACCOUNTS

* Fund Balance (Equity) Accounts

NOTE: Accounts with parenthesis must be used in System

001 (General)
002 Fund Equities
003 Trust
004 Building Authorizations
005 (Capital) Bonding
006 Building
007 Debt Service
008 School Aesthetic
009 Public Financed Programs
010 PSBA
011
012 (Reserved for other Fund Balance Accounts)

Asset Balance Accounts

*(100) Cash
101 Petty Cash Fund
102 Cash with Fiscal Agent
103 Certificates of Deposit
*(104) Investments
107 Current Taxes Receivable
108 Delinquent Taxes Receivable
*(109) Accounts Receivable
110 Accounts Receivable
112 Due From Other Governmental Units
113 Inventory
118 Prepaid Expenses
*(120) Land
*(122 Equipment
*(123 Buildings

Liability Balance Accounts

*(170) Encumbered Reserve
171 Account Payable
173 Interest Payable
174 Salaries & Wages Payable
178 Due Other School Districts
179 Special Assessments Payable
179 Due Other Governmental Units
181 Bonds Payable

Clearing Accounts

*(200)
(201)
202 Federal Withholding Collected
203 State Withholding Collected
204 Retirement "Employee Contribution" Collected
205 United Fund
206 Credit Union

Figure 7-2

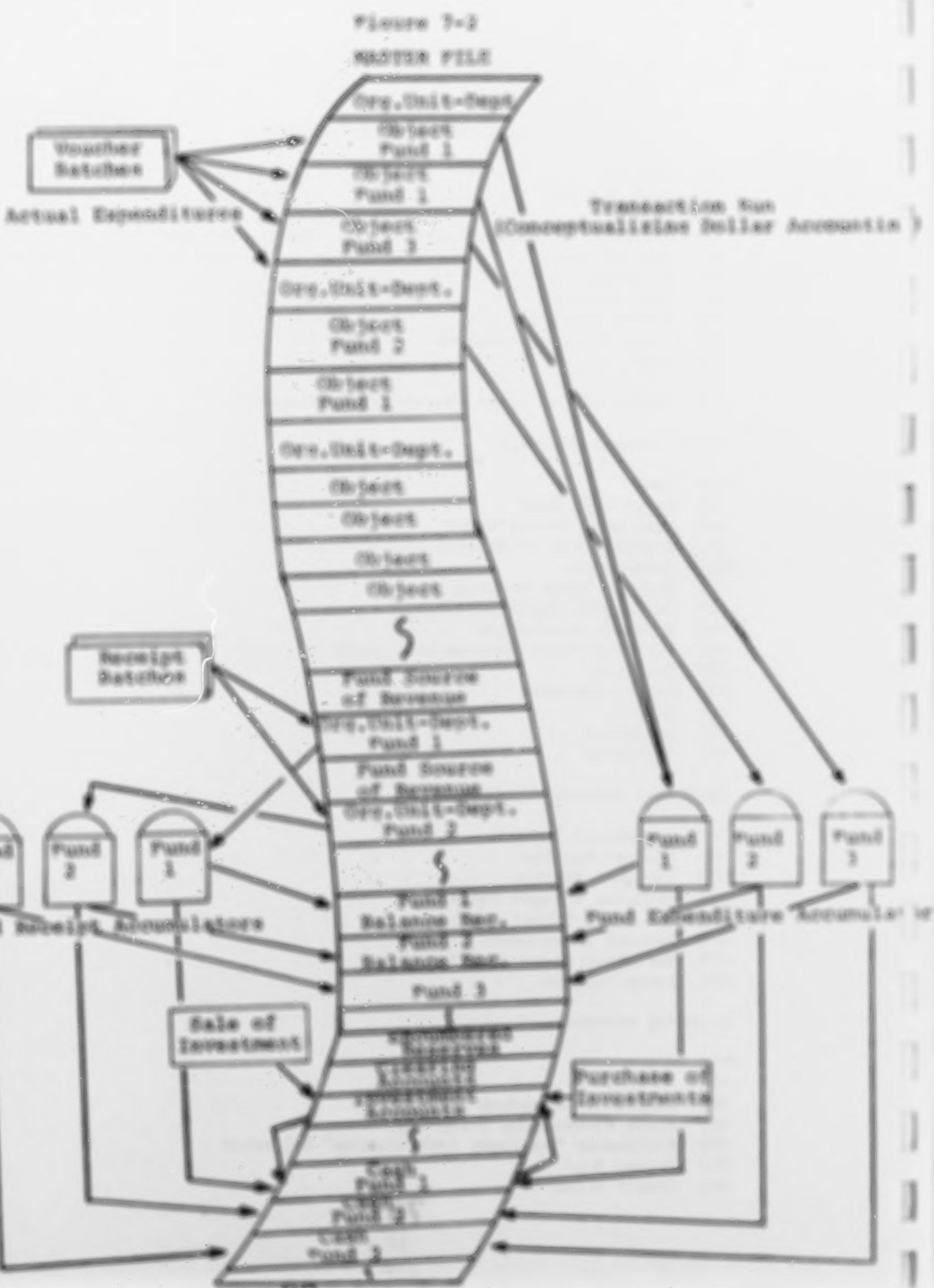

MASTER FILE
Org.Unit-Dept.
Object
Fund 1
Object
Fund 1
Object
Fund 3
Org.Unit-Dept.
Object
Fund 2
Object
Fund 1
Org.Unit-Dept.
Object
Object
Object
Fund Source
of Revenue
Org.Unit-Dept.
Fund 1
Fund Source
of Revenue
Org.Unit-Dept.
Fund 2
Fund 1
Balance Brt.
Fund 2
Balance Brt.
Fund 3
Cash
Fund 1
Cash
Fund 2
Cash
Fund 3
Voucher
Batches
Actual Expenditures
Receipt
Batches
Fund
3
Fund
2
Fund
1
Fund Receipt Accumulators
Sale of
Investments
Transaction Run
(Conceptualistic Dollar Accounting)
Fund
1
Fund
2
Fund
3
Fund Expenditure Accumulators
Purchase of
Investments

Figure 7-3

FUND BALANCE REPORT

Month of_____ 19__

| | M.T.D. | Y.T.D. |
|---|---|---|
| **General Fund** | | |
| July 1 Balance | | xxxx |
| This Month's Receipts | xxxx | |
| Total Receipts | | xxxx |
| This Month's Expenditures | xxxx | |
| Total Expenditures | | xxxx |
| New Balance | | xxxx |
| **Food Service** | | |
| Etc. | | |
| TOTAL ALL FUNDS | | xxxxx |

Figure 7-4

DETAIL ASSET BALANCE REPORT

For Month Ending _____ __ 19__

| | M.T.D | Y.T.D. |
|---|---|---|
| Cash General Fund | | |
| Beginning Balance July 1 | | **** |
| Receipts | **** | **** |
| Expenditures | **** | **** |
| Balance | | **** |
| Cash Food Service Fund | | |
| Beginning Balance July 1 | | **** |
| Receipts | **** | **** |
| Expenditures | **** | **** |
| Balance | | **** |
| Investments | | |
| Beginning Balance July 1 | | **** |
| Investments Purchased | **** | **** |
| Investments Sold | **** | **** |
| Balance | | **** |
| TOTAL ASSET BALANCES | | ******* |

Figure 7-5

DETAIL LIABILITY BALANCE REPORT

For Month Ending_____FY__

| | M.T.D. | Y.T.D. |
|---|---|---|
| Encumbered Reserve General Fund | | |
| July 1 Balance | | xxxx |
| Additions | | |
| Deductions | xxxx | xxxx |
| Balance | | xxxx |
| Federal Withholding Tax Collected | | |
| July 1 Balance | | xxxx |
| Receipts | xxxx | xxxx |
| Expenditures | xxxx | xxxx |
| Balance | | xxxx |
| State Withholding | | |
| Etc. | | |
| TOTAL LIABILITY BALANCES | | xxxxx |

Figure 3-6

BALANCE SHEET

For Month Ending_____19__

| Assets | Balance |
|---|---|
| Cash | xxxxx |
| Investments | xxxxx |
| Total Assets | xxxxxx |
| **Liabilities** | |
| Encumbered Reserves | xxxxx |
| Clearing Accounts | xxxxx |
| Total Liabilities | xxxxxx |
| **Equity** | |
| Fund Balance | xxxxxxxxx |

## 800. SYSTEMS OPERATIONS

In order to understand how the system can be best utilized, it is important to know, in general, how the mechanics of the system function and what information is retrieved from each file (Figure B-1).

The various files involved in the system are:

- Master File - contains expenditure, revenue and balance accounts; budgeted data and transaction accumulations.
- Outstanding Purchase Order File - contains all information pertinent to the outstanding purchase orders.
- Vendor File - contains, by vendor number, the name and address of each vendor that a check would be written to.
- Activity File - contains all transactions to which an activity code is affixed. This file will report, as requested, the special data that has been accumulated which is not normal output from the system.

In addition to these files, the system is designed to allow an inventory file to be added in the future.

### 801. Daily Processing

The term "daily", as applied to this system, merely implies the day-to-day operations of the district. The actual inputting to the system will depend upon the volume of data and the data preparation schedules that are established.

All input to this system will be coded on mark-sense cards and grouped by transaction type in batches of not more than 50 transactions. Each batch will have a "header" card preceding it which will contain certain information relative to all the transactions within a batch such as:

- Type of transaction
- District number
- Batch number
- Control total
- In the case of vouchers, starting check number

The processing center will hold all the transactions until the district inputs a special card which indicates to the system that processing may begin.

#### 801.1 Editing Procedure.

The following editing criteria will be used:

- Is the expenditure, revenue or balance account number a valid number?
- Do the accumulated amounts in a batch equal the control amount in the header cards?
- Are all numeric fields numeric?

- Do all expenditure batch items have numbers that fall within the expenditure range? Same criteria for revenue and balance account batches?
- Are all required fields filled?
- Are the codes valid?

During the edit procedure, each item is given a sequence number. Consequently, when an item has been reported wrong, the district will be notified by the control area at the computer center. The district will then call up those items in error through a terminal at the district office and make the proper corrections. When all the corrections have been made, the district will notify the center and the data will be accepted.

The system keeps track of each batch that has been reported. When all the batches are correct, the "daily" processing will be performed to update the files. As each transaction is processed, it will be printed on a journal which will be the "hard-copy" audit trail for the system. Any additional errors that could not be detected during the edit routine will be noted on the journal. It is the responsibility of the districts to peruse the journal for these errors and make the appropriate corrections.

VIII. Monthly Update

Once a month, it will be necessary to purge information from the files and produce selected reports. All month-to-date data fields must be reported and cleared to zero on the master file. The open purchase order file must be purged of all purchase orders for which final payment has been made and the date of last payment is at least 60 days old. A report of outstanding purchase orders will be produced. All vendor transactions for the month must be extracted from the transaction tapes, sorted by organizational unit - department and reported.

IX. Annual Update

This program, which must be run at the end of the fiscal year, is a reporting and file purge process. All the budget and expenditure information in the "present year" field must be moved to the "past fiscal year" on the master file. The budget data for the new year must be moved from the "next fiscal year" into the present fiscal year" and the budget data from the "second fiscal year" must be moved into the "next fiscal year" area. All year-to-date data fields must be reported and cleared to zero. Amounts which are still encumbered for the current year must be added to the encumbered reserve. The receipt records are handled in a similar manner as expenditure records. All balance account records have their year-to-date additions and deductions balances reported and then cleared to zero. The present balances are moved to the beginning balance field.

The annual update process will also allow externally selected records to be purged from the activity file.

Figure 6-1

"BASIC" TRANSACTION SYS

## 900. INPUT PROCEDURES

As indicated earlier, information will be inputted into the system through the use of mark-sense cards and transmitted to the computer center in batches consisting of a maximum of 30 transaction cards plus a batch header card and a pre-printed totals card. Only similar type transactions will be allowed in any one batch. There is no limit to the number of batches that may be entered into the system.

An attempt has been made to standardize the card formats of the various types of transaction inputs. This will assist in the reduction of screen dialog conversion from hard copy to EDP format.

### 901. Batch Header Cards

A description of a batch header card is shown in figure 9-1. The header card is to identify the type of transactions within a batch (batch type), the district inputting the data and control information.

The batch header card will precede each batch of transactions. A district batch number will be assigned to each batch by the district and will be used as part of the audit trail to identify a specific transaction.

Batches that involve "dollar entries" will be controlled by running an adding machine tape total and putting that total into the "dollar control field". It should be noted that all numeric input is right justified. This means that in the case of the dollar control field, the "cents" will be in columns 34 and 35. The decimal point is assumed. Therefore, all the digits of a number are entered in consecutive columns.

Batches that are not dollar transactions, such as master file entries, are controlled by adding the number of cards in a batch and inserting that number in the "card count" field.

For voucher batches, checks can be prepared on the computer. When this is done, the district maintains control of the check numbers that are issued and will indicate the starting check number for each batch in columns 36-39 of the batch header card.

### 902. Batch Types

As indicated on the batch header card (Figure 9-1), there are two types of batches. The following will be a detailed explanation of each type.

#### 902.1 New Districts.

This is batch type 01. This transaction consists of only the batch header card. It will indicate to the system that a new district is starting. The system will then establish space for the new district.

Figure 9-1

BATCH HEADER

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1 | Identification | None |
| 2 | 2 | Card Mode | Check C for Cards |
| 3 | 3 | Mode Check | None |
| 4 | 4-5 | Station | A standard number will be assigned to your sending device |
| 5 | 6-9 | Transaction Code | |
| 6 | 10-13 | Division | Your Division Number (right justified) |
| 7 | 14-16 | Blank | |
| 8 | 17-18 | Batch Type | 01 = New Invoices<br>02 = Master File Entries<br>03 = Vendor File Entries<br>20 = Receipts<br>30 = Purchase Orders<br>40 = Vouchers<br>50 = Balance Adjustments<br>60 = Warehouse Requisitions<br>70 = Posting Adjustments<br>80 = Budget Adjustments |
| 9 | 19-22 | Batch Number | Assigned to each batch by Division |
| 10 | 23-25 | Card Count | For non-dollar batches |
| 11 | 26-35 | Dollar Control Total | For dollar batches |
| 12 | 36-39 | Starting Check No. | For voucher batches |

902.0 Master File Entries.

These entries are used at the time the initial file is built to establish all the budgeted items on the system. These transactions are also used to maintain the file. Master file entries may be used to add or delete an entire record and add, subtract or replace selected fields within existing records. Figures 9-2 through 9-9 contain descriptions of the various formats and record types.

Record types 01 and 02 are inputted as per Figures 9-2 and 9-3. This is the master expenditure record that contains the data for each organizational unit - department - source. Essentially, this sets up each budgeted department.

The action code tells the system what to do with this master file entry. In addition to allowing you to set up a new record on the file, you can delete a record or add,subtract or replace any specified field within a record.

The remaining fields carry the information needed in the master record.

Record types 03 and 04 contain the data in the expenditure detail records. These are the budgeted object categories within each organizational unit - department - source.

For example,if we were to look at our Expenditure Chart of Accounts (Figure 6-1) and wanted to set up a budget for the math department at the high school, we would prepare a master file entry to set up the department. This would be done through the use of record types 01 and 02 which would establish this expenditure master as follows:

Card 1

| | | | Input |
|---|---|---|---|
| Card Columns | 1-3 | Central High School | 210 |
| | 4-6 | Math Department | 110 |
| | 7-9 | Normal Station Funds | 000 |
| | 10-12 | Source Source | 000 |
| | 13-14 | Record Type | 000 |
| | 15 | New Record | 01 |
| | 16-80 | Source Actual Data | 1 |

Card 2

| | | | |
|---|---|---|---|
| Card Columns | 1-3 | Central High School | 210 |
| | 4-6 | Math Department | 110 |
| | 7-9 | Normal Station Funds | 000 |
| | 10-12 | Source Source | 000 |
| | 13-14 | Record Type | 02 |
| | 15 | New Record | 1 |
| | 16-30 | Input "Central High School" | |
| | 31-55 | Input "Mathematics Dept." | |
| | 56-75 | Blank | |

Figure 9-2

MASTER FILE ENTRIES
Expenditure Master-1

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Organizational Unit | From Chart of Accounts |
| 2 | 4-6 | Department | From Chart of Accounts |
| 3 | 7-9 | Source | From Chart of Accounts |
| 4 | 10-13 | Object | Source Code |
| 5 | 14-15 | Record Type | 01 |
| 6 | 16 | Action Code | 1 = New Record<br>2 = Delete Record<br>3 = Add to Item(s)<br>4 = Subtract from Item(s)<br>5 = Replace Item(s) |
| 7 | 17-22 | Last Year Actual Expenditures | Numeric |
| 8 | 23-28 | This Year Budget Amount | Numeric |
| 9 | 29-34 | Last Year Number of Students | Numeric |
| 10 | 35-40 | This Year Number of Students | Numeric |
| 11 | 41-46 | Next Year Number of Students | Numeric |

Figure 9-3

MASTER FILE ENTRIES
Expenditure Master-2

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Organizational Unit | From Expenditures Chart of Accounts |
| 2 | 4-6 | Department | From Expenditures Chart of Accounts |
| 3 | 7-9 | Source | From Expenditures Chart of Accounts |
| 4 | 10-12 | Object | Insert 000 |
| 5 | 13-14 | Record Type | 02 |
| 6 | 15 | Action Code | 1 = New Record<br>2 = Delete Record<br>3 = Add to Item(s)<br>4 = Subtract from Item(s)<br>5 = Replace Item(s) |
| 7 | 16-25 | Organizational Unit Description | Alphanumeric |
| 8 | 26-55 | Department Description | Alphanumeric |
| 9 | 56-75 | Source Description | Alphanumeric |

Figure 9-4

MASTER FILE ENTRIES
Expenditure Trailer-1

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Organizational Unit | From Expenditures Chart of Accounts |
| 2 | 4-6 | Department | From Expenditures Chart of Accounts |
| 3 | 7-9 | Source | From Expenditures Chart of Accounts |
| 4 | 10-12 | Object | From Expenditures Chart of Accounts |
| 5 | 13-14 | Record Type | 03 |
| 6 | 15 | Action Code | 1 = New Record<br>2 = Delete Record<br>3 = Add to Item(s)<br>4 = Subtract from Item(s)<br>5 = Replace Item(s) |
| 7 | 16-25 | Last Year Actual Expenditures | Numeric |
| 8 | 26-35 | This Year Budget | Numeric |
| 9 | 36-45 | Next Year Budget | Numeric |
| 10 | 46-55 | Second Year Budget | Numeric |
| 11 | 56-63 | State Report Number | Numeric |
| 12 | 64-66 | Fund Balance Account Number | 920-930 |
| 13 | 67-70 | Area of Responsibility | Numeric |

Figure 9-3

MASTER FILE ENTRIES
Expenditure Trailer-2

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Organizational Unit | From Expenditures Chart of Accounts |
| 2 | 4-6 | Department | From Expenditures Chart of Accounts |
| 3 | 7-9 | Source | From Expenditures Chart of Accounts |
| 4 | 10-12 | Object | From Expenditures Chart of Accounts |
| 5 | 13-14 | Record Type | 04 |
| 6 | 15 | Action Code | 1 = New Record<br>2 = Delete Record<br>3 = Add to Item(s)<br>4 = Subtract from Item(s)<br>5 = Replace Item(s) |
| 7 | 16-25 | Object Description | Alphanumeric |
| 8 | 26-35 | Area of Responsibility Description | Alphanumeric |

We would then set up the object categories within this department. As per master file entries record types 03 and 04 textbooks object category would be set up as follows:

Card 1

| | | | Input |
|---|---|---|---|
| Card Columns | 1-3 | Central High School | 210 |
| | 4-6 | Math Department | 110 |
| | 7-9 | Normal District Funds | 000 |
| | 10-12 | Textbooks & Repair | 300 |
| | 13-14 | Record Type | 03 |
| | 15 | New Record | 1 |
| | 16-25 | Insert Actual and Budget Dollars as Indicated | |
| | 26-43 | Input Corresponding State Report Number for This Object category | |
| | 44-46 | General Fund Balance Account | 901 |
| | 49-70 | Classroom Teaching | 1111 |

Card 2

| | | |
|---|---|---|
| Card Columns | 1-3 | Central High School | 210 |
| | 4-6 | Math Department | 110 |
| | 7-9 | Normal District Funds | 000 |
| | 10-12 | Textbooks & Repair | 300 |
| | 13-14 | Record Type | 04 |
| | 15 | Action Code | 1 |
| | 16-25 | Insert "Textbooks & Repair" | |
| | 26-33 | Insert "Classroom Teaching" | |

Figures 9-6 and 9-8 indicate the required data for receipts master file entries. As with expenditures we maintain a master and trailer record. The master record contains the fund. Consequently, the master record code for the General Fund would be 901-000-000-000.

The trailer records contain the budgeted source - organizational unit - department within each fund as explained in the receipt section of this manual.

The master file entries for balance accounts is record type 08 and is depicted in Figure 9-9. The Balance Chart of Accounts (Figure 7-1) consists of three digits. The applicable number is inserted in columns 1-3.

Columns 4-12 are zeros, except for certain special accounts. For cash and encumbered reserves, columns 4-6 are used to indicate the corresponding fund that each account is associated with as indicated in Section 700. For inventory accounts, columns 4-6 are used to indicate the type of inventory (i.e., General Supplies, Maintenance, Equipment, etc.). Columns 7-12 are always zeros except in the case of inventory accounts where the corresponding cash fund account is indicated.

Figure 9-6

MASTER FILE ENTRIES
Receipt Master

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Fund | From Receipts Chart of Accounts |
| 2 | 4-6 | Source | Insert 000 |
| 3 | 7-9 | Organizational Unit | Insert 000 |
| 4 | 10-12 | Department | Insert 000 |
| 5 | 13-14 | Record Type | 05 |
| 6 | 15 | Action Code | 1 = New Record<br>2 = Delete Record<br>3 = Add to Item(s)<br>4 = Subtract from Item(s)<br>5 = Replace Item(s) |
| 7 | 16-25 | Last Year Actual Receipts | Numeric |
| 8 | 26-35 | This Year Anticipated Receipts | Numeric |
| 9 | 36-55 | Fund Description | Alphanumeric |

Figure 9-7

MASTER FILE ENTRIES
Receipt Trailer-1

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Fund | From Receipts Chart of Accounts |
| 2 | 4-6 | Source | From Receipts Chart of Accounts |
| 3 | 7-9 | Organizational Unit | From Receipts Chart of Accounts |
| 4 | 10-12 | Department | From Receipts Chart of Accounts |
| 5 | 13-14 | Record Type | 06 |
| 6 | 15 | Action Code | 1 = New Record<br>2 = Delete Record<br>3 = Add to Item(s)<br>4 = Subtract from Item(s)<br>5 = Replace Item(s) |
| 7 | 16-25 | Last Year Actual Receipts | Numeric |
| 8 | 26-35 | This Year Anticipated Receipts | Numeric |
| 9 | 36-45 | Next Year Anticipated Receipts | Numeric |
| 10 | 46-55 | Second Year Anticipated Receipts | Numeric |
| 11 | 56-63 | State Report Number | Numeric |
| 12 | 64-66 | Fund Balance Account Number | 920-939 |

Figure 9-6

MASTER FILE ENTRIES
Receipt Trailer-2

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Fund | See Receipts Chart of Accounts |
| 2 | 4-6 | Source | See Receipts Chart of Accounts |
| 3 | 7-9 | Organizational Unit | See Receipts Chart of Accounts |
| 4 | 10-12 | Department | See Receipts Chart of Accounts |
| 5 | 13-14 | Record Type | 07 |
| 6 | 15 | Action Code | 1 = New Record<br>2 = Delete Record<br>3 = Add to Item(s)<br>4 = Subtract From Item(s)<br>5 = Replace Item(s) |
| 7 | 16-35 | Organizational Unit Description | Alphanumeric |
| 8 | 36-55 | Department Description | Alphanumeric |
| 9 | 56-75 | Source Description | Alphanumeric |

Figure 9-9

MASTER FILE ENTRIES
Balance Accounts

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Balance Account Number | From Balance Account Chart of Accounts |
| 2 | 4-6 | Fund or Contingent Number | See Manual |
| 3 | 7-12 | Cash-Fund Number | See Manual |
| 4 | 13-14 | Record Type | 08 |
| 5 | 15 | Action Code | 1 = New Record<br>2 = Delete Record<br>3 = Add to Item(s)<br>4 = Subtract From Item(s)<br>5 = Replace Item(s) |
| 6 | 16-25 | Beginning Balance | Numeric |
| 7 | 26-45 | Fund Description | Alphanumeric |

Any fields not specified will be cleared to zeros or blanks as applicable. If an entire record is to be deleted, only the record identifier, record type and delete code need be entered. If a quantity is to be added to a particular field in an existing record, only the amount to be added need be placed in the proper field on the card. The other "non-required" fields may be left blank. More than one field may be changed with a single input card providing the action to be performed is the same. Fields which are to be replaced by blanks should contain the word BLANK left justified in the proper field on the input card.

New records will have their fields edited against parameter values and existing records will be edited against the validity tables. All dollar amount fields will be right justified with two decimal places and an assumed decimal point. Therefore, all amounts must be in dollars and cents. All other numeric fields are to be right justified and alphanumeric fields are left justified.

902.3 Vendor File Entries.

This file is required for those districts desiring to prepare checks from the computer. These entries are used to initially build and to maintain a vendor file. The vendor number is assigned by the district. There are two input record types or formats (Figures 9-10 and 9-11) required to develop a single record in the file. The delete record action code will be used to periodically clean up the file of one-time vendors and others that are no longer used. For deleting record, the only input fields necessary in addition to the delete action code are the vendor number and record type 1. The replace action is the same as that described for master file entries.

902.4 Receipts.

Income received by the school district is recorded through receipt transactions (Figure 9-12). The master file receipts record to be updated is specified by the fund, source, organizational unit and department. The amount field is inputted as dollars and cents with an assumed decimal point. This is added to the month-to-date and year-to-date record items and to the proper fund balance record. If an accrued account number is not entered on the input card, the amount is also added to the proper cash-fund account record. The accrued account field is filled in when revenue is recorded before actual cash is received (i.e., taxes receivable). In this event, the indicated asset account is updated in lieu of the cash-fund record. A reverse action code is to be used in case erroneous information is entered into the system.

902.5 Purchase Order Entries.

This transaction indicates to the system that a purchase order has been sent to a specific vendor. Each transaction is only that portion of the purchase order that affects one budgeted item. Consequently, a purchase order that affects three budget items would contain three budgeted line transactions. This input data updates the proper expenditures records

Figure 9-10

VENDOR FILE ENTRIES-1

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-6 | Vendor Number | Numeric |
| 2 | 9 | Record Type | 1 |
| 3 | 6 | Action Code | 1 = New Record<br>2 = Delete Record<br>3 = Replace Item(s) |
| 4 | 7-38 | Vendor Name | Alphanumeric |
| 5 | 39-66 | Vendor Street Address | Alphanumeric |

Figure 9-11

VENDOR FILE CRITERIA-2

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-6 | Vendor Number | Numeric |
| 2 | 5 | Record Type | 2 |
| 3 | 6 | Action Code | 1 = New Record<br>2 = Replace Item(s) |
| 4 | 7-26 | City | Alphanumeric |
| 5 | 27-46 | State | Alphabetic |
| 6 | 47-51 | Zip Code | Numeric |

Figure 9-12

[redacted]

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Fund | From Receipts Chart of Accounts |
| 2 | 4-6 | Source | From Receipts Chart of Accounts |
| 3 | 7-9 | Organizational Unit | From Receipts Chart of Accounts |
| 4 | 10-12 | Department | From Receipts Chart of Accounts |
| 5 | 13 | Action Code | 1 = Normal Action<br>2 = Reverse Action |
| 6 | 14-23 | Amount For This Line Item | Numeric |
| 7 | 24-29 | Accrued Account Number | See Manual |



[redacted]

on the master file by adding to the encumbered dollar amount. The information is also put on the open purchase order file.

Figure 9-13 illustrates the purchase order input transaction. The action code will specify normal or reverse action. The reverse action is provided to eliminate cancelled purchase orders or removal of data applied to the wrong object code category. The amount is dollars and cents with an assumed decimal point along with the purchase order number, vendor number and purchase order date must be submitted on each form.

MIS.6 Voucher Transaction Entries.

Voucher transactions are inputted into the system by budget line item. In other words, if a payment to one vendor involves several budget items, a transaction must be inputted for each one. The system is designed to prepare a check for each vendor by accumulating all consecutive transactions for the same vendor.

In addition to writing a check and updating the master file expenditure item by the amount inputted, the system will update the open purchase order file, when applicable, and correspondingly reduce the encumbered amount on the master file.

Voucher transactions are depicted in Figure 9-14. A number of options are available through this transaction and are specified by the transaction code and an action code which allows the normal or reverse of each transaction code. For example, a voucher to be processed against a budget line item is classified as either having a purchase order issued or else being a direct purchase by putting either 1 or 2 in column 14. Credit memos against budget line items must be specified as applying against additional purchases or as actual cash refund received by putting either a 3 or 4 in column 14. If the district maintains a central warehouse, payments for items going into the warehouse must be specified by the transaction code which will also indicate if a purchase order was issued or if it is a direct purchase. This is done by putting a 5 or 6 in column 14. Credit memos for central warehouse purchases and returns are also specified as a separate transaction code and indicated as applying against purchase or cash received, by putting a 7 or 8 in column 14.

Normally, vouchers will be paid against expenditure records. However, in the event that a central warehouse is maintained, the payment is made against the particular inventory asset account involved. In this instance, rather than inputting the normal 12 digit organizational unit - department - source - object code, the inventory account numbers are inputted in columns 1 to 12. A purchase order number must be inputted in columns 25-30 if the transaction code specified that a purchase order was issued.

For direct purchases, a memo purchase order number may be inserted if desired. The system will then check the open purchase order file to determine if there is a purchase order recorded. Therefore, if the transaction code indicates that a direct purchase was made, but the P.O. number was found on the open purchase order file, the transaction would be considered invalid.

Figure 9-13

PURCHASE ORDERS

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Organizational Unit | From Purchase Order |
| 2 | 4-6 | Department | From Purchase Order |
| 3 | 7-9 | Source | From Purchase Order |
| 4 | 10-12 | Object | From Purchase Order |
| 5 | 13 | Action Code | 1 = Normal Action<br>2 = Reverse Action |
| 6 | 14-23 | Amount | Numeric |
| 7 | 24-29 | Purchase Order Number | Numeric |
| 8 | 30-33 | Vendor Number | Numeric |
| 9 | 34-39 | Date (MMDDYY) | Numeric |

Figure 9-14

VOUCHERS

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Organizational Unit | From Expenditures Chart of Accounts |
| 2 | 4-6 | Department | From Expenditures Chart of Accounts |
| 3 | 7-9 | Source | From Expenditures Chart of Accounts |
| 4 | 10-12 | Object | From Expenditures Chart of Accounts |
| 5 | 13 | Action Code | 1 = Normal<br>2 = Reverse |
| 6 | 14 | Transaction Codes | 1 = Purchase Order Issued<br>2 = Direct Purchase<br>3 = Credit Memo Applied Against Purchases<br>4 = Credit Memo Cash Received<br>5 = Central Warehouse, Purchase Order Issued<br>6 = Central Warehouse, Direct Purchase<br>7 = Central Warehouse, Credit Memo Applied Against Purchases<br>8 = Central Warehouse, Credit Memo Cash Received |
| 7 | 15-24 | Amount | Numeric |
| 8 | 25-30 | Purchase Order Number | Numeric or Blank |
| 9 | 31-34 | Vendor Number | Numeric |
| 10 | 35-40 | Invoice or Voucher Number | Numeric |

(continued next page)

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 11 | 63-66 | Accrued Account Number | Numeric or Blank |
| 12 | 67-69 | Activity Code | Numeric or Blank |
| 13 | 70 | Partial Payment Code | 1 = Final Payment<br>2 = Partial Payment |
| 14 | 71 | Previous Year Code | 1 or Blank = This Year<br>2 = Previous Year |

The converse is also true. If the transaction code indicates that a purchase order was issued, the P.O.number inputted must be found on the open purchase order file to make a valid transaction.

If the district requests that checks be written, an invoice number may be specified on the input form. A check number must be specified in lieu of the invoice number if the district writes their own checks.

If an expenditure transaction against a budget line item does not result from cash but is instead accrued to some liability account (i.e., interest payable), the system will add to the expenditure, reduce the fund balance and add to the liability account indicated in the accrued account field. On a normal cash transaction, this field is left blank.

An activity code may be specified for those transactions which require accumulation of additional special data. If an activity code is specified, an entry of the voucher information will be made in the activity file (see 602.2).

In order to properly update the open purchase order file and the encumbered amounts, the system must know if a payment is a partial payment or if it is a full or final payment. If it is a partial payment, the open purchase order and encumbered amount is updated by the inputted dollars and this amount is added to the expended dollars. If this is a full or final payment, however, the open purchase order balance is reduced to zero and a variance is calculated from the original amount inputted. The encumbrance is reduced by whatever the balance was on the open purchase order file because this was the original encumbered balance. The expended dollars are updated by the amount indicated on the transaction.

The system must be informed if a payment is being made against a previous years encumbrance so that the proper fields may be posted. If a previous years encumbrance is being paid, the cash and encumbered reserve accounts are reduced and this year's budget balance is not affected. This field should be left blank for central warehouse purchases since an "on order" amount instead of an encumbrance is involved.

902.7 Balance Account Entries.

Certain transactions do not affect either expenditure or revenue accounts. They reflect the need to move dollars from one balance account to another. Each input card allows one set of off-setting entries. Consequently, if more than two accounts are affected, additional sets of entries must be made. A description of the input card is shown in Figure 9-15. Each balance sheet "account-fund" number has an action code of 1 = plus or 2 = minus associated with it. The system will edit for proper signs according to the following rules:

a. If both balance accounts are "like accounts" such as two asset accounts (960-969), they must have opposite signs. This is true of two liability accounts (970-999) or two equity accounts (920-939).

Figure 9-15

BALANCE ACCOUNT

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Balance Account Number | From Chart of Accounts |
| 2 | 4-6 | Fund or Object Code | From Chart of Accounts |
| 3 | 7 | Action Code | 1 = Plus (+)<br>2 = Minus (-) |
| 4 | 8-10 | Balance Account Number | From Chart of Accounts |
| 5 | 11-13 | Fund or Object Code | From Chart of Accounts |
| 6 | 14 | Action Code | 1 = Plus (+)<br>2 = Minus (-) |
| 7 | 15-24 | Amount | Numeric |
| 8 | 25-28 | Vendor Number | Numeric or Blank |

b. If an asset and a liability are being posted, they must have like signs.

The amount field is entered as dollars and cents with an assumed decimal point. If it is necessary for the system to generate a check on this transaction, i.e., the payment of accrued insurance to a vendor, the vendor number must be supplied on the input card.

The system will look for the same vendor number on consecutive entries, so is done with voucher entries, accumulate the amounts and stub information and write one check.

VII.8 Central Warehouse Requisitions.

This transaction is used to account for the transfer of supplies and materials from the central warehouse to the various budgeted object code categories. The organization unit - department - source - object code identified the expenditure record to be charged for the amount shown on the input card. The amount will also be subtracted from the proper fund balance. The central warehouse account number described on the input card will be credited with the input amount to account for the disbursement. A reverse action code is available. A description of the input card is shown in Figure 9-16.

VII.9 Posting Adjustments.

A description of this transaction input form is shown in Figure 9-17. This transaction has been provided to allow correction of expenditure records updated by the inputting of a voucher transaction with the wrong account number. Two separate types of adjustments are available using this input format. The types are specified in the action code. The action code is "I", if an object category adjustment is required. In this case, the other input fields required are the erroneous and correct expenditure record identifiers, and the amount of adjustment placed in the "amount number one" field. As a result of this transaction, the erroneous expenditure totals, fund balance, and cash-fund will be corrected. The amount will then be charged to the correct expenditure record, fund balance and cash-fund.

If it is necessary in addition to the object category adjustment to correct a set of purchase order and encumbrance totals, a second input form is needed specifying an action code "J". All input fields must be specified for this transaction. As a result of this action, "amount number one" will be added to the encumbrance of the erroneous expenditure record and the balance amount on the erroneous purchase order record. "Amount number two" will be subtracted from the encumbrance of the correct expenditure record and the balance amount on the correct purchase order record. If the final payment indicator was set on the erroneous purchase order record, it will be transferred to the correct purchase order record.

VII.10 Budget Adjustments.

This transaction (Figure 9-18) is provided to simplify the development and adjustment of budget amounts within the expenditure records. The

Figure 9-16

CENTRAL WAREHOUSE REQUISITIONS

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Organizational Unit | From Chart of Accounts |
| 2 | 4-6 | Department | From Chart of Accounts |
| 3 | 7-9 | Source | From Chart of Accounts |
| 4 | 10-12 | Object | From Chart of Accounts |
| 5 | 13 | Action Code | 1 = Normal<br>2 = Reverse |
| 6 | 14-23 | Amount | Numeric |
| 7 | 24-29 | Central Warehouse Account Number | From Chart of Accounts |

Figure 9-17

POSTING ADJUSTMENTS

| Field No. | Card Col. | Description | Action |
|---|---|---|---|
| 1 | 1-3 | Erroneous Organi-zational Unit | From Journal Printout |
| 2 | 4-6 | Erroneous Department | From Journal Printout |
| 3 | 7-9 | Erroneous Source | From Journal Printout |
| 4 | 10-12 | Erroneous Object | From Journal Printout |
| 5 | 13 | Action Code | 1 = Object Category Adjustment<br>2 = Purchase Order & Encumbrance Adjustment |
| 6 | 14-16 | Correct Organiza-tional Unit | From Chart of Accounts |
| 7 | 17-19 | Correct Department | From Chart of Accounts |
| 8 | 20-22 | Correct Source | From Chart of Accounts |
| 9 | 23-25 | Correct Object | From Chart of Accounts |
| 10 | 26-35 | Amount #1 | Numeric |
| 11 | 36-45 | Amount #2 | Numeric or Blank |
| 12 | 46-51 | Erroneous Purchase | Numeric |
| 13 | 52-57 | Correct Purchase Order Number | Numeric |

Figure 9-10

[illegible]

| Field No. | Card Col. | Description | Content |
|---|---|---|---|
| 1 | 1-3 | Object Code | Numeric |
| 2 | 4 | Action Code | 1 = Plus (+)<br>2 = Minus (-) |
| 3 | 5-8 | This Year Percentage | Numeric |
| 4 | 9-12 | Next Year Percentage | Numeric |
| 5 | 13-16 | Second Year Percentage | Numeric |

user, through this transaction, has the ability to change the budget amounts for the various year's budgets by stating a percentage, an action code of plus or minus and the object code category to be adjusted.

All expenditure records with the three-digit object code specified will be adjusted according to the following rules:

a. If a percentage is inserted in the field for "this year's budget", the current year budget data item will have the percentage applied to itself and then added or subtracted from itself based on the action code.

b. If a percentage is inserted in the field for "next year's budget", that data item will have the percentage applied to itself and the action code applied to produce a new next year's budget data item.

c. If a percentage is inserted in the field for the "second-year budget", the "next-year budget" data item will have the percentage applied and that result plus the amount of the next-year budget data items will be added to the second-year budget data item.

All percentages will be stated as two decimal places with an assumed decimal point. Input fields not utilized should be left blank.

902.11 Trailer Cards.

Each batch must have a trailer card as the last card to indicate to the transmitting unit that this is the end of the batch. No coding is required on this card by the district.

903. Control Procedures

It is important that the participating districts establish input control books which will allow them to ascertain when all the work has been completed. Separate controls should be kept for each type of entry (Figure 9-19). In addition, a master control form should be maintained by "transmission day" for audit trail purposes (Figure 9-20).

The computer journal will accumulate grand totals for each batch type. These are matched against the control totals on the master batch listing form. If they agree, no further checks are required. If there is a difference, the detail must be checked to determine which batch must be reconciled.

Figure 9-19

EXPENDITURE RATIO CONTROL

| Date Sent | Batch Number | Batch Total | Initial | Sequence Number of Resubmitted Items |
|---|---|---|---|---|
| 7/16/89 | 042 | 3,721.98 | | |
| | 043 | 3,278.22 | | |
| | 044 | 3,472.86 | | |

Figure 9-20

MASTER BATCH LISTING

| Date Sent | Batch Type | Batch Numbers From | To | Batch Totals | Journals Checked By |
|---|---|---|---|---|---|
| 7/14/69 | 2 | 142 | 144 | 12,472.21 | |
| | 3 | 191 | 194 | 18,520.68 | |
| | 4 | 27 | 27 | 102,160.00 | |
| | 5 | 18 | 18 | 9,221.42 | |
| | 6 | 34 | 34 | 12 | |
| | 7 | 60 | 60 | 31 | |

APPENDIX B

MIDWESTERN STATES EDUCATIONAL INFORMATION PROJECT

P.L. 89-10, Title V, Section 505

# MANUAL FOR

# PROGRAM-ORIENTED BUDGETING AND ACCOUNTING

Administered By
State of Iowa

DEPARTMENT OF PUBLIC INSTRUCTION

Paul F. Johnston, Superintendent
Sam W. Bliss, MSEIP Director

MIDWESTERN STATES EDUCATIONAL INFORMATION PROJECT

MANUAL FOR

PROGRAM-ORIENTED BUDGETING AND ACCOUNTING

MSEIP Finance Subsystem

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CHAPTER 6

MANAGEMENT APPROACH TO BUDGETING

PART I - Purposes and Aims

On December 13, 1966, the finance subsystem committee of the Midwestern States Educational Information Project adopted the following statement as part of its position paper:

> The finances subsystem committee believes that program accounting principles should be included in the framework of educational specifications developed for the finances subsystem.
>
> The primary objective of any system of program accounting and budgeting is to provide information for school officials to use in arriving at decisions about the educational program.

The position paper included many reasons for moving to program-oriented accounting, such as the following:

> Program-oriented accounting provides the capability of generating information which will assist school administrators in making choices related to optimum allocation of resources among alternative programs or educational needs, based on an evaluation of effectiveness of individual programs.
>
> Program-oriented budgeting and accounting describes desired accomplishments, rather than merely listing the objects of expenditure.
>
> Program-oriented budgeting and accounting develops a cost-quality awareness among school administrators, school boards, and lay citizens.
>
> Program-oriented budgeting and accounting will enable fiscal administrators to group all operational units or programs together for individual or collective analysis according to cooperative standards defined by the professional educators.
>
> Program-oriented budgeting and accounting will provide for more uniform and accurate comparisons, among the various educational agencies, of effectiveness of both fiscal and educational programs.
>
> Program-oriented budgeting and accounting procedures will provide the type and degree of data specifically needed for intelligent predictions of future fiscal and educational programs through the budget preparation.
>
> Program-oriented budgeting and accounting will help establish fiscal responsibility and accountability, thereby safeguarding the stewardship of public funds.

Much is being said about program and performance budgeting and accounting at all levels of government and other public organizations. There is considerable interest among school administrators regarding this movement, and they are asking how such a system can help them in planning a better educational program.

The finance subsystem has strived to develop a flexible budgeting and accounting system that will provide school administrators with the tools for effective management and also facilitate reporting of financial data to state and national offices of education.

The system herein described has characteristics of both traditional and program budgeting and accounting procedures. It is intended that the system will meet the needs of traditional reports based on objects and functions as well as provide for the above described advantages of budgeting and accounting procedures which are based on programs.

Part 2 - Development of the Management Approach to Budgeting

In public education - as well as in many other governmental agencies - budgeting is conceived largely in financial terms. In most school districts' budgets, emphasis is placed mainly on the observance of appropriation limits. The traditional system of budgeting does not provide information on what the school district is actually doing and what it gets for the money spent.

It may be possible to compile such information from departmental records and detail documents, but this is time consuming, and the results are often inaccurate since this information cannot be directly linked with the financial data that appear in a budget or in the accounts.

A school district's budget may indicate that it is requesting a certain amount of money for teachers' salaries, instructional supplies, etc., but further information is not usually available in the budget as to how much money is allocated to each of the subject areas, or what instructional programs are being supported.

A system of program-oriented budgeting and accounting for school district expenditures as discussed in this manual is developed in response to the need for correcting this situation. It is designed to highlight management considerations in budgeting and, in so doing, to bring out not only the economic and financial aspects of the budget but also the educational objectives of the policy makers.

The purpose of doing something and the cost of doing it are the twin considerations which are indispensable to the most effective system of management. Financial resources for schools are limited, and the need to economize the resources and get the most out of public expenditures is most important.

The program and performance approach to budgeting is based on the use of three sets of interrelated considerations:

1. The work objectives of the various departments and organizational units of the school district are analyzed and grouped into meaningful categories or programs.

2. The system of accounts and financial management are brought into line with these classifications.

3. A system is established for measuring physical progress and performance of each of the major services and activities of the school district.

An ideal and complete program and performance budget is one that outlines the purposes and objectives for which funds are requested, the costs of the various programs and activities, and the quantitative data that can be used in measuring the accomplishments and work performed under each of the established work areas.

To illustrate some of the work measurement problems that can be tackled with a "complete program budgeting and accounting system," the following are listed:

1. Establish a cost per square foot of janitorial services in comparable attendance centers.

2. Establish a cost for the industrial arts courses in each of the high schools in the district.

3. Determine the cost of teaching remedial reading.

4. Analyze the heating costs for attendance centers using different kinds of fuel.

5. Analyze the actual savings or additional expense to the district as a result of utilizing teacher aids.

While this system of accounting can provide the quantitative data, it cannot be designed to make qualitative comparisons. Qualitative measurements of differences in performance must be determined by management. This manual does not include a system of measuring physical progress and performance which is a study in itself, and is left for further development. The responsibility of the budgetary and financial accounting system is to furnish the financial data for management's use.

The primary purpose of this manual is to develop a coding system and a detailed chart of accounts to be used in both the budget and the financial records.

Chapter B discusses the financial management approach to be used in the accounting system, as well as certain accounting principles.

Chapter C includes the coding system and chart of accounts for expenditures, Chapter D for revenue items, and Chapter E for assets, liabilities, and fund balance.

CHAPTER 8

FINANCIAL MANAGEMENT SYSTEM

PART 1 - Accounting Approach

In program-oriented budgeting and accounting, more recognition is given to serving the management needs of the school district than is presently possible with the traditional budgeting and accounting methods.

The financial accounts of the school district are the official source of the financial information used in the budget. These data must be organized in the accounts in a form that will provide the needed information for budgeting purposes and at the same time permit adequate financial control.

The same basic data classifications should be used for the budget detail, for the bookkeeping accounts, and for the reports that are prepared periodically for cost analysis and budget control.

To implement an effective program-oriented budgeting and accounting system a certain amount of system refinement and expansion will be needed in many school districts. Since this will be a major move, careful study and attention should be given to the accounting procedures. It would be a waste of time and funds to implement a detailed system of budget preparation involving all of the personnel of the school district and then depend on an outdated, slow-moving system of accounting to provide the data that is so vital for management decisions.

There are many up-to-date, sophisticated accounting systems in school districts today that are capable of immediate data reporting and are designed to utilize the most efficient accounting theory and practices.

Electronic data processing opens unlimited opportunities for collecting, gathering, sorting, printing and analyzing educational financial data, and is one of the major factors that is bringing program-oriented planning, budgeting, and accounting closer to becoming a reality in more and more schools throughout the country.

PART 2 - Cash, Obligation, or Accrual Basis

Financial accounting in school districts ranges from a relatively simple cash basis of accounting that records cash flow of receipts and disbursements to a refined accrual basis that produces actual expenses and revenues in that period of time in which the revenue is "earned" and the expense is incurred.

Cash Basis - In school districts, financial accounting has been mostly on the cash basis. This system recognizes the availability of resources at the time the cash is received and the use of such resources at the time the disbursement is made.

This system is based on the assumption that the primary concern of the accounting records is to prove that the checks written in each account did not exceed the appropriation for that account.

Obligation Basis - In many school districts an additional step is included resulting from a desire to strengthen control over the use of appropriated funds. This step includes the recording of obligation of funds as well as the actual payments and helps to insure staying within the limits of the appropriations.

In an obligation - or encumbrance system as it is sometimes called- the issuance of a purchase order, for example, obligates funds, and this purchase order is recorded in the financial records. Budget analysis reports include the amount of actual cash disbursement for each expenditure account plus the amount of outstanding obligations against that account. The total of the two is subtracted from the budget appropriation amount, and the difference is the amount of funds remaining to be obligated in the future.

Accrual Basis - More and more school districts are maintaining their financial accounts on an accrual basis. This permits the district to record and report revenue and expenditures in the actual period in which the expenditure was incurred or the revenue was "earned" rather than in the period when the expenditure was obligated or paid, or when the cash was actually received.

There can be several degrees of refinement in an accrual system. The major trend is to prepare all end-of-the-year financial reports on an accrual basis even though the district does not maintain a day-to-day accrual accounting system. By this method, cash and obligations transactions are recorded during the year. At the end of the year adjustments are made to record within the school year all accrued expenditures and revenues.

It is important to point out that program-oriented accounting and budgeting can be installed using any of these approaches as long as the budget and the accounts are maintained as part of an integrated system. Combinations of parts of different systems might be used. General ledger asset and liability accounts may be developed in a cash or an obligation system as well as in a complete accrual system.

The accounts and the coding system presented in this manual can be used with any of the procedures discussed above. However, the list of accounts is prepared on the assumption that a double-entry system utilizing ledger asset and liability accounts will be used.

No attempt is made to go into the details of the accounting equation or to discuss the function of the asset, liability, and fund balance accounts. Principles of Public School Accounting, issued in 1967

by the U.S. Office of Education[1], is an excellent handbook illustrating basic accounting principles as they apply to financial accounting for public schools.

Part 3 - Depreciation and Programs

It is recognized that depreciation plays a part in the analysis of the complete cost of any program. However, it is felt that depreciation should not be included as an expense item in budget preparation or be a part of the financial fund accounts.

If depreciation is needed for a certain cost analysis, detailed depreciation records can be maintained apart from the financial accounts.

If any generation of costs - such as heat, light, etc. - to specific programs is to be considered, this should also be handled in a separate cost analysis report.

In developing the recommended coding system and detail items for program budgeting and accounting, it is the basic aim to charge only direct expenses to the various cost centers. This permits the accounting system to produce "clean" factual data for cost analysis and reporting.

Part 4 - Development of the Detailed Accounts for the System

Machine accounting has made it necessary and desirable to develop specific account titles and assign numeric identifiers to each of these accounts.

In school district budgeting and accounting, major attention is given to the expenditures because these are controllable. Not only are the total expenses controllable, but the emphasis on any of the budget categories can vary depending on the fiscal and educational policies of those who are given the responsibility of making these decisions.

In developing a chart of accounts for the budget and the accounting records, consideration must be given to the revenue, asset, and liability accounts as well as the expenditure accounts. It is not necessary to record as much detail information for the revenue accounts as is recorded for the expenditure accounts. In most school districts, the major portion of the revenue - taxes and state support - are not earmarked for specific subjects or for certain attendance centers. A minimum amount of detail is necessary for asset and liability accounts. The specific details of the transactions are recorded in the revenue

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1. Adams, Dart E., Quentin M. Hill, Joseph A. Perkins, Jr., and Phillip S. Shaw. Principles of Public School Accounting. State Educational Records and Report Series: Handbook II-3, National Center for Educational Statistics, U.S. Department of Health, Education, and Welfare, Office of Education. Washington, D.C.: U.S. Government Printing Office, 1967.

and expenditure accounts. However, certain basic identifying codes are needed in all five of the types of accounts; assets, liabilities, fund balance, revenue, and expenditures. A fund designation number is also required in the accounts of most school districts.

In developing a complete chart of accounts, the question comes up as to whether or not an attempt should be made to code the revenue accounts so that there is a relationship between the expenditure for certain "programs" and the amount of revenue that is received for that "program." In this manual, no attempt is made to code all revenues so as to assign them to a given subject area or to a specific area of responsibility. However, school districts may want to code certain revenues, such as receipt of book rental, so they can be identified with a specific organizational unit, or they may wish to identify certain reimbursement revenues with the reimbursable subject area. It is important that the chart of accounts and coding system for revenues take these items into consideration and permit these identifications to be made when they are desirable.

The traditional method of illustrating a chart of accounts is to list all of the possible accounts for each fund and assign code numbers to these accounts. Since the accounting system in this manual is program-oriented, it is not practical to present a chart of expenditure accounts in the traditional manner. Such a chart showing all of the possible accounts for a district could have thousands of accounts for each organizational unit within the district.

The coding system developed in this manual provides for various distributions of expenditures to cost centers to an extent not practical by many bookkeeping methods. Each school district will develop the actual account that it needs, based on its own curriculum, organization, and size, and to provide the details for proper budgeting, reporting, and analysis, using the combinations of items from each of the code sections or dimensions which are appropriate to their programs.

CHAPTER C

EXPENDITURES

PART I - Determining the Classifications Needed

The first step to providing a system of financial accounting is to establish budget classifications, since this structure provides the framework for decision-making throughout the budget process.

In education, there are certain logical groupings of work assignments resulting from established objectives. The primary objective is the instruction of students, and a majority of the physical activity and expenditure is directly concerned with this goal. "Instruction" is, therefore, the most important broad grouping of work objectives.

In addition, there are a number of programs or activities that are not directly associated with classroom instruction, but do play a vital role in helping to support the direct instructional program. These include the over-all administration functions of the district and the acquisition - as well as the operation and maintenance - of the facilities required to carry out the day-to-day classroom activities. Some of the other supporting services include providing food for the students and seeing that they are transported to school.

Still further responsibilities of the school district that affect the budget system, but do not directly concern the instructional program, are the carrying out of certain community services, the retirement of both short and long-term debts, and the payment for services performed by other school districts.

Each of the above broad categories can be broken down into specific work objectives - or areas of responsibility - to further define what is being done.

If these categories are systematically arranged, labeled, defined, and coded, there should be little or no question into which category an expenditure is to be classified.

In addition to the basic grouping of expenditures as outlined above, it is desirable to group expenditures in a number of different ways to properly develop a budget and to report the costs of the school district operation.

For example, it may be best for summary reporting to the public to group the expenditures into the broad categories listed above, such as Instruction, Pupil Transportation, Debt Service, etc. However, for reporting to the school board and various segments of the school administration, it may be desirable to have more detailed expenditure categories, such as the costs of legal services, improvement of curriculum, and instruction, homebound teaching, etc.

Also, detailed listings of the cost of each subject to be taught - as well as the courses under each subject - are required for complete management planning and evaluation.

For certain management judgments, it is also desirable to have an entirely different grouping of expenditures, such as total secretarial and clerical services, repairs, and general administration services that may be scattered throughout the basic broad functional categories.

Another means of grouping expenditures that should be available is grouping by the objects of expenditure, such as salaries, supplies, equipment, etc. Again, these are scattered throughout the various functional categories.

Since the budget is sometimes based on legislative requirements regarding the fund structure, it is usually necessary to budget and record expenditures by separate legal funds. This is also a grouping of accounts.

A still further grouping of expenditures - and an important one - is by the organizational unit. The administrative head of each organizational unit should be vitally concerned and involved with the development of the budget and be responsible for the economical use of the funds that are allocated for the unit.

All of these groupings of expenditures are needed for various purposes, and it becomes apparent that a financial coding system must be provided so that all of the pertinent information regarding each item of expenditure is properly recorded.

In developing a coding system for expenditures, it was decided that eight code sections are needed to properly organize the various segments and identify the nature of the expenditure. These are as follows:

| Code Sections | | | | | | | |
|---|---|---|---|---|---|---|---|
| A | B | C | D | E | F | G | H |
| Fund | Type of Account | Organizational Unit | Area of Responsibility | Subject Area | Course | Activity | Object |
| XX | X | XXX | XXX | XX | XXX | XX | XX |

PART I - Explanation of Code Sections

CODE SECTION A - FUND

School districts are acquainted with the practice of using, in the financial accounting system, a number or letter to designate the fund from which an expenditure is budgeted or paid. Since the fund structure varies from state to state, no attempt is made to assign code numbers to each of the funds that might be established. Each state educational agency should assign numbers to the funds that are used by its districts.

For illustrative purposes, it is suggested that "10" be used for the General Fund and "20" for the Building Fund.

Two digits in the coding system are allocated for the fund designation.

CODE SECTION B - TYPE OF ACCOUNT

There are five types of accounts: asset, liability, fund balance, revenue, and expenditure. In each transaction, one or more types of accounts are affected. In a cash transaction, an asset (cash) and either a revenue or expenditure account is affected. In a non-cash transaction, one or more of the five types of accounts are affected. In a cash transaction, the one digit indicates whether a revenue or expenditure account is affected, and in a non-cash transaction, the one digit indicates the asset, liability, fund balance, revenue, or expenditure account types affected.

The codes for this manual are based on a double-entry system of accounting utilizing asset, liability, fund balance, revenue, and expenditure accounts. This is further discussed in Chapter 8.

A. FUND

10 General Fund
20 Building Fund
30 (As Needed)
00

B. TYPE OF ACCOUNT AFFECTED

1. Asset
2. Liability
3. Fund Balance
4. Revenue
5. Expenditure

CODE SECTION C - ORGANIZATIONAL UNIT

This is a three-digit code and identifies the organization, under a single administrative head, created to fulfill certain instructional, supporting, or community service responsibilities.

The organizational unit code number should be assigned by the state educational agency or the local district. However, a certain block of numbers (100-199) is assigned to the high schools, another block (200-299) is for junior highs, and a third block (600-799) for the elementary schools within a district. Numbers 300-399 are to be used for other schools, such as middle schools.

Some expenditures will apply to all of the high schools in the district and cannot be identified with a particular school. Number 199 is reserved for this item. The same system is used for junior high (299) and elementary schools (799).

The code "000" is reserved for those expenditures, such as the superintendent's salary, that applies to the entire district and are identifiable with the administrative office. Numbers 1 through 99 are to be used for other specific organizational units, such as transportation garage and warehouse, that serve the entire district but are not a part of the administrative office and have an administrative head.

Separate code numbers "800-899" apply to the summer school programs and "900-999" to the adult education programs. It is advisable to separate these expenditures from the regular term, K - 12, program for cost analysis purposes. Also, these programs often have separate administrative heads, and the budgets are developed separately.

Number "981" is to be used for those activities that are associated with one or more schools but are administered independently of them. An example is a physical education coordinator who spends his time working with the teachers in a number of elementary and junior high schools.

Code number "998" is to be used for districts that have established separate administrative units for community services, such as a public library operated by a school district.

Code number "999" is provided for any expenditure that is not applicable to the previous code numbers.

C. ORGANIZATIONAL UNIT

000 Administrative Offices
001 (As Needed)
100 High Schools (Individually Numbered)
199 All High Schools Within the District
200 Junior High Schools (Individually Numbered)
299 All Junior High Schools Within the District
300 (As needed for other Schools, e.g., Middle Schools)

## f. Organizational Units (Continued)

600 - 700 Elementary Schools (Individually Numbered)
799 All Elementary Schools within the District

800 Summer Programs Individually Identified
809 All Summer Programs.
810 Adult Education Programs Individually Identified
889 All Adult Education
890 Activities Associated with One or More Schools but Administered Independently of Them
899 Other Units Not Applicable to Previous Code Numbers

## (SUB SECTION 2 - AREA OF RESPONSIBILITY

(See Finance Glossary for specific definitions).

This code section uses a three-digit number with specific numbers assigned to each of the areas of responsibility.

The areas of responsibility are classified into thirteen functional categories which are identified by code number ranges. For example, all Research and Development is within the range of 270-299. Each of these 13 functional categories is related to the general broad areas of the school district's operation, Instruction, supporting services, auxiliary services, and transfers and debt services, but provides for more specific identification. Yet, these broad areas can be generated easily by summarization as follows:

| General Broad Areas | Code Ranges | Areas of Responsibility (Functional categories) |
|---|---|---|
| Instruction (100-199) | 100-199 | Instruction |
| Supporting Services (200-699) | 200-249 | General Control |
| | 250-269 | Instructional Administration |
| | 270-299 | Research & Development |
| | 300-349 | Facilities, Maint. & Oper. |
| | 350-399 | Facilities, Acq./Improve. |
| | 400-499 | Food Services |
| | 500-549 | Pupil Personnel Services |
| | 550-599 | Health Services |
| | 600-699 | Pupil Transportation |
| Auxiliary Services (700-799) | 700-799 | Community Services |
| Transfers and Debt Service (800-999) | 800-899 | Outgoing Transfers |
| | 900-999 | Debt Service |

The second and third digits, when combined with the first digit, identify the specific area of responsibility such as Classroom Teaching or Building Maintenance. For example, code number 611 indicates that the expenditure falls under the Supporting Services broad area, under the Pupil Transportation functional category, and under the Vehicle Operation area of responsibility. A "general" area is provided at the beginning of each of the functional groupings (except Outgoing Transfers and Debt Service), to be used for those items that cannot be clearly identified as one of the specific areas of responsibility because it is from more than one, or cannot readily be prorated. Code 301, for example, will be used for the expenses of an employee who does general facilities maintenance and operation work.

Local school districts may wish to be more specific than is provided for in this code section. The codes assigned here are spaced in such manner that they can be expanded if need be. It is pointed out, however, that there be danger of losing compatibility if great care is not exercised when expanding the codes at this level. Reasonableness is also likely if the capability of other code sections (such as code section 0) is not thoroughly investigated before expansions are made in the areas of responsibility.

## 3. AREA OF RESPONSIBILITY

**100-199 Instruction**
- 110 Instructional Services, Gen.
- 111 Classroom Teaching
- 112 Library
- 113 Computer Assisted Instruc.
- 114 Educational TV Services
- 115 Audio-Visual Services
- 116 Homebound Teaching and Other Teaching

**200-249 General Control**
- 211 Governing Administration
- 212 Board of Education
- 213 Business and Finance
- 214 Data Processing
- 215 Legal Services
- 216 Personnel Administration
- 217 Warehousing & Distribution
- 218 Communications Printing and Publications Services
- 219 Other General Control

**250-299 Instructional Administration**
- 251 Instructional Admin., Gen.
- 252 Administration of a School
- 253 Improvement of Instr. & Inserv.
- 254 Other Instructional Admin.

**270-279 Research & Development**
- 271 R & D, General
- 272 Research
- 273 Development
- 274 Evaluation
- 275 Statistics
- 279 Other R & D Services

**300-349 Facilities, Maint. & Operation**
- 301 Plant Maint. & Oper., Gen.
- 302 Site Maintenance
- 303 Site Operation
- 304 Building Maintenance
- 305 Building Operation
- 310 Built-In Equipment, Maint.
- 315 Built-In Equipment, Oper.
- 320 Movable Equipment, Maint.
- 325 Movable Equipment, Oper.

A. AREA OF RESPONSIBILITY (Continued)

| | | |
|---|---|---|
| 250-299 | Facilities Acq./Improvement | |
| | 251 | Plant Acq./Improvement, Gen. |
| | 252 | Site Acq./Improvement |
| | 253 | Building Acq./Improvement |
| | 260 | Built-in Equip.Acq./Improve. |
| | 270 | Movable Equip.Acq./Improve. |
| 400-499 | Food Services | |
| | 400 | Food Services, Gen. |
| | 410 | Food Preparation & Serving |
| | 420 | Transportation of Food |
| | 430 | Other Food Services |
| 500-549 | Pupil Personnel | |
| | 500 | Pupil Services, Gen. |
| | 510 | Attendance Services |
| | 520 | Guidance Services |
| | 530 | Social Work Services |
| | 540 | Psychological Services |
| | 550 | Therapeutic Services |
| | 560 | Other Pupil Services |
| 550-599 | Health Services | |
| | 550 | Health Services, Gen. |
| | 560 | Medical Services |
| | 580 | School Nurse Services |
| | 570 | Dental Services |
| | 580 | Other Health Services |
| 600-670 | Pupil Transportation | |
| | 600 | Transportation, Gen. |
| | 610 | Vehicle Operation |
| | 620 | Vehicle Servicing and Maintenance |
| | 630 | Other Transportation Services |
| 700-799 | Community Services | |
| | 700 | Community Services, Gen. |
| | 710 | Recreation |
| | 720 | Civic Activity |
| | 730 | Public Libraries |
| | 740 | Custody and Detention |
| | 750 | Welfare Activities |
| | 760 | Non-Public School Services |
| | 770 | Other Community Services |
| 800-890 | Outgoing Transfers | |
| | 800 | Transportation Within State |
| | 810 | Transportation Outside State |
| | 820 | Tuition Within State |
| | 830 | Tuition Outside State |
| 900-990 | Debt Service | |
| | 910 | Bond Redemption |
| | 920 | Long-Term Loan |
| | 930 | Short-Term Loan |
| | 940 | Interest Loan |

CODE SECTION B - SUBJECT AREA

Since the basic purpose of a school district is to instruct children, a large percentage of a district's expenditures - at least two-thirds - can be easily identified with a particular subject area, such as the subject in departmentalized schools or the homeroom in those schools not having the departmental structure.

A two-digit code is to be used for all expenditures that can be identified with a subject area. The code "00" should be used for all expenditures that cannot be identified with one of these areas.

A code designation in this code section will be used for practically all of the expenditures under the instructional area of responsibility (Code Section 3). In addition, it should be used for the expenditures in any of the other areas of responsibility if the expenditure is identified with a particular subject area. For example, the salary of an English curriculum director is to be coded to the English instructional area - "01" in Section 6. The same code would also identify the salaries of all English teachers. As a result all of the direct costs of any instructional area will have the same code under Code Section 6.

Instructional Area Code numbers are assigned to the broad groupings of co-curricular activities, such as Athletic Co-curricular Activities (Code Section 22).

## CODE SECTION 6 - COURSE

This is a three-digit code section and is made available for those districts that wish to budget and/or account for the expenditures of each course in departmentalized schools, such as chemistry, biology, and physics, or each grade in those schools not having the departmentalized structure. Also, this code section can be used to identify each of the co-curricular activities.

Codes are derived from Instructional Programs to permit the use of shortened codes such as are currently being used locally.

### 6. SUBJECT AREA

| | |
|---|---|
| 00 | Does Not Apply (DNA) |
| 01 | Agriculture |
| 02 | Art |
| 03 | Business |
| 04 | Distributive Education |
| 05 | English Language Arts |
| 06 | Foreign Language |
| 07 | Health Occupations |
| 08 | Health, Safety, P.E. |
| 09 | Home Economics |
| 10 | Industrial Arts |
| 11 | Mathematics |
| 12 | Music |
| 13 | Natural Science |
| 14 | Office Occupations |
| 15 | Social Studies |
| 16 | Technical Education |
| 17 | Trades and Industry |
| 18 | General Education (Pupil Supervision) |
| 19 | Exceptional Child Education |
| 20 | Co-Curricular Activities |
| 21 | Academic Co-Curricular Activities |
| 22 | Athletic Co-Curricular Activities |
| 23 | Music Co-Curricular Activities |
| 24 | School Services Co-Curricular Activities |
| 25 | Co-Curricular Social Organizations |
| 30 | Driver Education |
| 50 | Classroom, Elementary (non-departmentalized) |
| 51 | Classroom, Secondary (non-departmentalized) |

### 6. COURSE

000 (Local Number)

USER SECTION I - ATTRIBUTE

This two-digit code section is to be used for pertaining expenses all of the costs - salaries, supplies, equipment, etc. - of a specific type of work undertaken by the organizational unit, area of responsibility, or subject area.

For example, salaries for clerical services might be found in any of the areas of responsibility (Code Section II). It would be difficult to separate these and compile a list of all of the clerical costs in a school district if a specific code is not provided for this. The number "10" in code section I is to be used for all of the distinct costs of providing clerical services, such as salaries, supplies, equipment, travel, employee benefits and any other identifiable expense. If clerical services are provided by a contractual service, the expenditure will be recorded this same way.

Another example is supervisory services - code number "20". This code is to be used for identifying all supervisory costs and includes such salaries as those of the superintendent, custodial supervisor, and school lunch supervisor, as well as the other costs that are incurred as a result of the work they are doing. It would not include, however, such costs as cafeteria food and supplies for the lunch.

The list of activities in Code Section I does not necessarily include all of the activities that can be identified by this manner of coding. School districts are encouraged to use this code section for additional specific activity groupings. With a little imagination, unlimited opportunities are available for identifying the costs of any category of work.

In effect, this code section is used to obtain a grouping of costs that is entirely different from the grouping that is based on the functional list of areas of responsibility.

0. ATTRIBUTES

00 Accounting
01 Administration
02 Architectural
03 Auditing

10 Census
11 Clerical and Secretarial
12 Computing
13 Controlled
14 Food and Police

20 Health or Medical
21 Maintenance and Repair
22 Operating Personnel
23 Psychological
24 Supervisory

30 Teaching
31 Teaching Assistance
32 Therapeutic
33 Transportation, Pupils
34 Transportation, Other

40 Warehousing and Distributing

## [redacted] SECTION 6 - OBJECT

6-digit code section identifies the object classification. This section should be used for all expenditures to identify that which is received in exchange for an expenditure. The objects are organized into nine general categories. Each of these categories is subdivided into specific object classifications.

### 6. OBJECT

60 Salaries
61 Classified, Regular
62 Classified, Temporary
63 Classified, Substitute

66 Non-Classified, Regular
67 Non-Classified, Temporary
68 Non-Classified, Substitute

70 Employee Benefits
71 Social Security
72 State Retirement
73 Municipal Retirement
74 Local District Retirement
75 Health Insurance
76 Life Insurance
77 Unemployment Income Insurance
78 Workmen's Compensation
79 Other Benefits

80 Supplies
81 Textbooks
82 Textbooks resale or rental
83 General Supplies
84 General Supplies for resale
85 Library Materials

90 Contracted Services
91 Consultative
92 Other Non-Staff Personnel
93 Transportation
94 Tuition
97 Repairs
98 Insurance
97 Membership
98 Rentals
99 Other contracted Services
(Except Utilities)

90 Contracted Services, Utilities
91 Electricity
92 Telephone and Telegraph
93 Water
94 Sewer
95 Gas
96 Oil
97 Coal
98 Other Utilities

60 Employee Travel
61 Travel within District
62 Travel Outside District

70 Facilities
71 Site Purchase
72 Site Improvement
73 Building Purchase
74 Building Lease or Lease Purchase
75 Building Improvement

80 Equipment
81 Furniture, New
82 Furniture, Replacement
83 Machinery and Apparatus, New
84 Machinery and Apparatus, Replacement
85 Vehicles, New
86 Vehicles, Replacement

90 Debt Services
91 Principal
92 Interest

PART 3 - Construction of Expenditure Account Codes

The purpose of Part 3 is to illustrate the method by which the eight expenditure code sections are combined. Below are listed examples of the construction, by code number, of an expenditure code.

Example 1. Payment from the General Fund of the salary of a routine biology teacher at Logan High School for the academic year. The teacher is a regular certificated employee.

| Code Position | | Code |
|---|---|---|
| A | Fund (General Fund) | 01 |
| B | Type of Account (Expenditure) | 5 |
| C | Organizational Unit (Logan High School) | 001 |
| D | Area of Responsibility (Classroom Teaching) | 111 |
| E | Subject Area (Natural Science) | 19 |
| F | Course (Routine Biology) | 30 |
| G | Activity (Classroom Teaching) | 00 |
| H | Object (Salaries - Certificated, Regular) | 11 |

Code: 01 5 001 111 19 30 00 11

Example 2. Payment from the General Fund for the office supplies to be used by the secretary of the business director in the administrative office.

| Code Position | | Code |
|---|---|---|
| A | Fund (General Fund) | 01 |
| B | Type of Account (Expenditure) | 5 |
| C | Organizational Unit (Administrative Office) | 003 |
| D | Area of Responsibility (Business & Finance) | 211 |
| E | Subject Area (None Not Apply) | 00 |
| F | Course (None Not Apply) | 0000 |
| G | Activity (Secretarial Services) | 12 |
| H | Object (General Supplies) | 31 |

Code: 01 5 003 211 00 0000 12 31

Example 3. Payment from the General Fund for the normal expenses of a custodian employed at Smith Junior High School. He is a regular employee.

| Code Position | | Code |
|---|---|---|
| A | Fund (General Fund) | 10 |
| B | Type of Account (Expenditure) | 5 |
| C | Organizational Unit (Smith Junior High) | 201 |
| D | Area of Responsibility (Building Operation) | 320 |
| E | Subject Area (Does Not Apply) | 00 |
| F | Course (Does Not Apply) | 000 |
| G | Activity (Custodial Services) | 16 |
| H | Object (Travel - Services) | 61 |

Code: 10 5 201 320 00 000 16 61

Example 4. Payment from the General Fund for the purchase of a replacement sewing machine at Logan High School for the Home Economics Department. This equipment is to be used in the Intermediate (Vocational) course.

| Code Position | | Code |
|---|---|---|
| A | Fund (General Fund) | 10 |
| B | Type of Account (Expenditure) | 5 |
| C | Organizational Unit (Logan High School) | 301 |
| D | Area of Responsibility (Classroom Teaching) | 111 |
| E | Subject Area (Home Economics) | 09 |
| F | Course (Intermediate - Vocational) | 031 |
| G | Activity (Teaching) | 30 |
| H | Object (Machinery & Apparatus, Replacement) | 84 |

Code: 10 5 301 111 09 031 30 84

CHAPTER 9

REVENUE ACCOUNTS

Part 1 - The Coding Structure

In developing the coding structure for revenue accounts, it is desirable to provide for several items of information about the revenue.

It is important to designate in the accounting code the fund for which the revenue is received. Also, it is necessary to include in the code a number to signify that the account is a revenue account.

A large number of the revenue transactions in a school district, such as textbook rentals, tuition, gate receipts, building rental, and sale of supplies, can be easily identified to a specific organizational unit.

The source of the revenue is a logical grouping of accounts, and this establishes a framework for the specific types of revenue items.

A complete program budgeting and accounting system should at least provide for including in the revenue account a code indicating the specific subject and course area for with the revenue is received. Most revenue items in a school district cannot be identified with a particular subject and course area. However, where this identity is possible, the information should be included in the code.

For example, a school district may wish to code the account for the receipt of gate receipts so that the code indicates the specific course-circular activity for which the gate receipts were collected.

Six code sections for revenue accounts provide a system that permits recording of all the above data. These are as follows:

| Code Section | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| Dimension | Fund | Type of Account | Organiz. Unit | Source and Type Revenue | Subject Area | Course |
| No. of Digits | XX | X | XXX | XXX | XX | XXX |

It is expected that code sections C,E, and F will be used only for local purposes, and that state educational agencies will require only the reporting of sections A, B, and D. School districts will find, however, that they will want to include all of the code sections in their accounting procedures.

Part 2 - Explanation of Code Sections

The development of the coding system for revenues is based on the use of four code sections. The first three code sections are identical with those used to identify expenditures.

CODE SECTION A - FUND

For this section, use the same two-digit code numbers that are established for expenditure accounts.

CODE SECTION B - TYPE OF ACCOUNT

The digit "0" in this code section identified the account as a revenue account.

CODE SECTION C - ORGANIZATIONAL UNIT

Use the same three-digit code as for expenditures.

CODE SECTION D - SOURCE AND TYPE OF REVENUE

Three-digit code numbers are to be used to identify the source and type of revenue and are listed on the following pages by source.

CODE SECTION E - SUBJECT AREA

Two-digit code numbers are used to identify the Subject Area when it is appropriate to relate Subject Area to a Revenue, such as vocational agriculture subsidy monies. The identifying code numbers are given in Chapter 3, code section E. The same code numbers should be used here.

CODE SECTION F - COURSE

This code section, as the one above, is to be used only when it is appropriate to further identify Revenues. The identifying code number is the same as is used when reporting expenditures by course. (see Chapter 3).

100 Revenues From Local Sources

- 110 Property Taxes
  - 111 Current Taxes
  - 112 Back/Delinquent Taxes
  - 113 Taxes in Advance
  - 114 Payments in Lieu of Taxes
- 120 Sales Taxes
  - 121 Current Taxes
  - 122 Back/Delinquent Taxes
  - 123 Taxes Advanced
  - 124 Payments in Lieu of Taxes

1000 Revenues From Local Sources (Continued)

1100 Taxes
1110 Current Year Taxes
1120 Back/Delinquent Taxes
1130 Taxes Advanced
1140 Payments in Lieu of Taxes

1200 Special Taxes
1210 Current Year Taxes
1220 Back/Delinquent Taxes
1230 Taxes Advanced
1240 Payments in Lieu of Taxes

1300 Tuitions
1310 Tuitions From Students
1320 Tuitions From Patrons

1400 Transportations
1410 Transportations Fees From Students
1420 Transportations Fees From Patrons
1430 Transportations Fees From Other Sources

1500 Investment Earnings
1510 Rent and Rentals
1520 Athletic Activities
1530 Music Activities Receipts
1540 Food Services Receipts
1590 Other

1600 Interest

1900 Other Revenue From Local Sources
1910 Gifts
1920 Facilities Rental
1990 Other

2000 Revenue From Intermediate Sources

2100 Property Taxes
2110 Current Taxes
2120 Back/Delinquent Taxes
2130 Taxes in Advance
2140 Payments in Lieu of Taxes

2200 Sales Taxes
2210 Current Taxes
2220 Back/Delinquent Taxes
2230 Taxes Advanced
2240 Payments in Lieu of Taxes

200 Revenue from Intermediate Sources (Continued)

220 Income Taxes
221 Current Year Taxes
222 Back/Delinquent Taxes
223 Taxes Advanced
224 Payments in Lieu of Taxes

240 Special Taxes
241 Current Year Taxes
242 Back/Delinquent Taxes
243 Taxes Advanced
244 Payments in Lieu of Taxes

250 Tuitions
251 Tuitions from Students
252 Tuitions from Patrons

260 Transportation
261 Transportation Fees from Students
262 Transportation Fees from Patrons
263 Transportation Fees from Other Sources

270 Student Sources
271 Fees and Rentals
272 Athletic Activities
273 Music Activities Receipts
274 Food Services Receipts
275 Other

280 Interest

290 Other Revenue From Intermediate Sources
291 Gifts
292 Facilities Rental
293 Other

300 Revenue From State Sources

310 State Foundation Program
320 Transportation
330 Driver Education
340 Special Education
350 Vocational Education
360 Monies in Lieu of Taxes
390 Other Revenue from State Sources

400 Revenue From Federal Sources

410 Vocational Education
411 Agriculture
412 Distribution Education
413 Health Occupation Education
414 Home Economics

430 Vocational Education (Continued)
- 431 Office Education
- 432 Technical Education
- 433 Trades and Industrial Education
- 434 Practical Nurse Training (P.L. 84-911)
- 435 Area Vocational Education (P.L. 87-864 Title VIII)
- 436 Vocational Education Act 1963 (P.L. 88-210)
- 437 Manpower Development Training Act 1962 - Indian Vocational Training (P.L. 87-234)
- 438 Manpower Development Training Act 1962 - Training Programs (P.L. 87-27)
- 439 Public Health Training - Traineeship (P.L. 88-498)
- 440 Public Health Service Act - Nurse Training (Title VIII)
- 441 Welfare Education Program - ADC - (P.L. 87-543)
- 442 Vocational Rehabilitation (P.L. 66-236)
- 443 Social Security Amendments 1956 - Research and Demonstration Projects (P.L. 84-880)
- 444 Appalachian Regional Development Act 1965 (P.L. 89-4)

450 Educational Opportunity Act 1964 (P.L. 88-452)
- 451 Title IB - Neighborhood Youth Corps
- 452 Title IIA - Community Action Programs (Basic Adult Education)
- 453 Title IIA and IIIB - Special Poverty Programs

460 Elementary and Secondary Education Act (P.L. 89-10)
- 461 Title I - Educationally Deprived
- 462 Title II - Library
- 463 Title III - Supplementary Education
- 464 Title VI - Special Education

470 National Defense Education Act (P.L. 864)
- 471 Title III - Instruction
- 472 Title VA - Guidance

480 Miscellaneous
- 481 Federal Forest Lands
- 482 Flood Control
- 483 Grazing Land
- 484 Johnson-O'Malley Act (P.L. 73-167)
- 485 Adult Education-Indian Program (P.L. 47-85)
- 486 Mineral Leases
- 487 National School Lunch Program
- 488 School Milk Program
- 489 Construction/Federally Impacted Areas (P.L. 81-815)
- 490 Maintenance & Operation/Federally Impacted Areas (P.L. 81-874)
- 491 Assistance for Public Schools Affected by Major Disasters (P.L. 89-313)
- 492 Immigration and Nationality Act (P.L. 414)
- 493 Juvenile Delinquency and Youth Offenses Control 1961 (P.L. 87-274)
- 494 Migrant Health Act 1962 (P.L. 87-692)

[illegible]

[illegible]

[illegible]

Example 2. Receipt of summer school tuition for students attending Mason Elementary School.

| Code Position | | Code |
|---|---|---|
| A | Fund (General Fund) | 10 |
| B | Type of Account (Revenue) | 6 |
| C | Organizational Unit (Summer School at Mason Elementary) | 001 |
| D | Source and Type of Revenue (Local Source - Student Tuition) | 131 |
| E | Subject Area (Does Not Apply) | 00 |
| F | Course (Does Not Apply) | 000 |

Code: 10 6 001 131 00 000

Example 3. Receipt of revenue resulting from the collections of fees from students in the Industrial Arts Carpentry Course at General High School.

| Code Position | | Code |
|---|---|---|
| A | Fund (General Fund) | 10 |
| B | Type of Account (Revenue) | 6 |
| C | Organizational Unit (General High School) | 111 |
| D | Source and Type of Revenue (Local-Student Fees) | 171 |
| E | Subject Area (Industrial Arts) | 30 |
| F | Course (Carpentry) | 130 |

Code: 10 6 111 171 30 130

## CHAPTER 6

## ASSET, LIABILITY, AND FUND BALANCE ACCOUNTS

PART 1 - Coding Structure

An eight-digit code is used for the asset, liability, and fund balance accounts. For these accounts there is no need to include provisions in the coding structure for identifying the organizational unit, subject area, or course. Instead, three code sections will be used to identify the fund, the type of account, and the specific account. The codes used here are closely related to those presented in the expenditure and revenue chapters in that the first two code sections are the same as those shown in Chapter 4 and the third code section is an expansion of the detail found in the revenue chapter.

PART 2 - Explanation of Code Sections

| Code Sections | | |
|---|---|---|
| A<br>Fund<br>XX | B<br>Type of Account<br>X | C<br>Specific Account<br>XXXX |

CODE SECTION A - FUND - The two-digit code identification of the fund concerned is the same as that used in the revenue and expenditure accounts.

CODE SECTION B - TYPE OF ACCOUNT - Accounts are identified as follows:

| Code | Type of Account |
|---|---|
| 1 | Asset Accounts |
| 2 | Liability Account |
| 3 | Fund Balance Account |

CODE SECTION C - SPECIFIC ACCOUNT - The specific asset, liability, and fund balance accounts are identified by four-digit code numbers and these are listed on the following pages by type of account.

Accounts are provided for those systems that use the accrual basis, as well as for those that use the cash or obligation basis. Accounts which are used only in accrual basis systems are identified in the lists of accounts.

1000000 Cash
- 1100000 Petty Cash
- 1200000 Imprest Fund
- 1300000 Cash in Banks

2000000 Investments

3000000 Accounts Receivable
- 3100000 Trade Receivable
  - 3110000 Local Trade (sectored as needed)
  - 3120000 International Trade (sectored as needed)
- 3200000 Governmental Claims Receivable
  - 3210000 State Revenue (sectored as needed)
  - 3220000 Federal Revenue (sectored as needed)
- 3900000 Other Receivable

4000000 Accrued Revenues
- 4100000 Accrued Interest (sectored as needed)
- 4200000 Accrued Taxes (sectored as needed)
- 4900000 Other Accrued Revenues (sectored as needed)

5000000 Deferred Charges
- 5100000 Prepaid Insurance
- 5200000 Prepaid Interest
- 5300000 Other Deferred Charges

6000000 Inventories
- 6100000 Merchandise Inventories
- 6900000 Other Inventories

7000000 Investment Projects for Resale

8000000 Facilities
- 8100000 Sites (sectored as needed)
- 8200000 Buildings (sectored as needed)
- 8300000 Equipment (sectored as needed)

9000000 Other Assets

$5000.00

General Fund - Cash in Banks

10 $ 10000

Building Fund - Investments

20 $ 200000

General Fund - Local Property Taxes Receivable, Current Taxes

LIABILITIES AND FUND BALANCE

Liabilities

XXXXX Income Payable
- 11XXX Long-Term Income
- 12XXX Short-Term Income
- 13XXX Current Income

20XXX Bond and Interest Payable
- 21XXX Bond Payable (Accrual Basis)
  - 21100 Current (Accrual Basis)
  - 21200 Long-Term (Accrual Basis)
- 22XXX Interest Payable (Accrual Basis)
  - 22100 Current Accrual Basis)
  - 22200 Long-Term (Accrual Basis)

30XXX Payroll Deductions Payable

40XXX Accounts Payable (Accrual Basis)

50XXX Accrued Expenses
- 51XXX Accrued Salaries (Accrual Basis)
- 52XXX Accrued Pension (Accrual Basis)
- 53XXX Accrued Interest (Accrual Basis)
- 54XXX Accrued Rent (Accrual Basis)
- 59XXX Other Accrued Expenses (Accrual Basis)

60XXX Other Liabilities

Fund Balance

10000 Fund Balance

EXAMPLES:

General Fund - Long-Term Income Payable
10 2 11000

Building Fund - Interest Currently Due on Bonded Debt
20 2 22100

CODE SECTION 3 - AREA OF RESPONSIBILITY

111-199 Instruction. Instruction includes all activities dealing with the teaching of pupils. Teaching, the major aspect of instruction, may be provided for pupils in a classroom or a school, in another location such as a home or hospital, and other learning situations such as those involving correspondence activities. It may also be provided through some other approved medium such as television, radio, telephone and correspondence.

111 Instructional Service, General. The area of responsibility for providing those services which apply to two or more of the following instructional areas of responsibility and which cannot be responsibly or accurately prorated among them.

112 Classroom Teaching. The area of responsibility for instructing pupils in courses in classroom situations for which daily pupil attendance figures for the school system are kept.

121 Library Services. The area of responsibility for organizing and managing libraries of books and other instructional resource material in a school or school system for the use of pupils and faculty. It consists of such technical activities as ordering, cataloging, processing, and circulating books and other materials; planning the use of the library by teachers and pupils; selecting books and materials; participating in faculty planning for the use of books and materials; and guiding teachers and pupils in the use of the library. Audio-visual materials and equipment are included if they are managed under the direction of the librarian.

131 Computer Assisted Instruction. The area of responsibility for providing computer assisted instruction for a school or school system. It may consist of such activities as writing, programming, directing, supervising and providing computer time for the CAI program of schools or a school system.

141 Educational Television Services. The area of responsibility for providing educational television programs as a part of the instructional program of the school or school system. It consists of such activities as writing, programming and directing educational television programs for a school or a school system.

151 Audio-Visual Services. The area of responsibility for preparing, having for, and making available to instructional programs in a school or school system the equipment, materials, scripts, and other aids which assist teaching and learning through special appeal to the senses of sight and hearing.

161 Homebound Teaching. The area of responsibility for teaching regular or special subjects to those students who are unable to attend regular classes because of long or short terms of confinement at home or in an institution. Such confinement is normally due to temporary problems of physical disability.

200-249 General Control. The areas of responsibility for administering those non-instructional programs which have as their purpose the general regulation, direction and control of the affairs of the school district that are systemwide and not confined to one school, subject or narrow phase of school activity. Research and Development, Facilities, Food Services, Pupil Personnel, Health, Pupil Transportation and Community Services are recorded under the accounts of those areas of responsibility.

211 General Administration. The area of responsibility for the administrative activities which pertain to the entire school district and are performed only by the chief executive officer and his executive assistants.

212 Board of Education. The area of responsibility encompassing the activities of the elected or appointed body which has been created according to state law and vested with responsibilities for educational activities in a given geographical area, the board secretary, treasurer, school elections, tax collections and audit.

213 Business and Finance. The area of responsibility concerned with the control of the fiscal activities of the school district. Included are budgeting, accounting, purchasing and related activities.

216 Data Processing. The area of responsibility for providing data processing services for the school system. It consists of program direction, system analysis, programming, collection and preparation of data, operations and output services.

221 Legal Services. The area of responsibility for providing legal counsel for the general control of the school district. Legal services obtained expressly for financing or acquiring facilities, or improving facilities, should be included in the appropriate facilities account.

230 Personnel Administration. The area of responsibility for the administration of the staff personnel program of the school system. It consists of assignments to perform such activities as recruiting staff members, staff accounting, staff placement, staff transfer, and other staff personnel administration activities.

231 Warehousing and Distribution. The area of responsibility for administering a systemwide program of storing and distributing those supplies, equipment and materials used in the operation of the school system which are purchased, received and stored in a central warehouse.

236 Centralized Printing and Publication Services. The area of responsibility for administering a centralized printing and/or publication service for the benefit of all organizational units of the school district. Included are such activities as typesetting, photo work, duplication, copying, collating, punching and binding.

241 Other General Control. The area of responsibility for providing general control services which are not included in the other specific general control areas of responsibility.

250-259 Instructional Administration. The areas of responsibility for providing the leadership, supervision, coordination, direction, administration and consultation for the operation of the instructional program of schools or school systems.

251 Instructional Administration, General. The area of responsibility for providing those services which apply to two or more of the following instructional administration areas of responsibility and which cannot reasonably or accurately be prorated among them.

256 Administration of a School. The area of responsibility for administering the operation of a school, (organizational unit, not a school system). The principal, assistant principal, vice principal, dean, etc. would be assigned to this area as would their staff and other directly related expenditures.

281 Improvement of Curriculum and Instruction. The area of responsibility for administering the program of curriculum and instructional improvement of a department, school or school system. The assistant superintendent for curriculum, curriculum directors, department heads, supervisors, coordinators and consultants are commonly assigned to this area along with their staffs and other directly selected expenditures. (Note: Personnel with identical titles may be assigned to instructional administration, general, or improvement of curriculum and instruction, depending upon the nature of their actual responsibilities).

260 Other Instructional Administration. The area of responsibility for providing instructional administration services which are not included in the previous instructional administration areas of responsibility.

270-279 Research and Development. The areas of responsibility for systematically observing, investigating, evaluating and studying various aspects of the instruction and non-instructional programs of a school district and then developing and recommending new programs based upon the findings.

271 Research and Development, General. The area of responsibility for providing those services which apply to two or more of the following research and development areas of responsibility and which cannot be reasonably or accurately prorated among them.

270 Research. The area of responsibility for providing means of applying the technology, methods, and strategies of science to the solutions of problems of a research nature which are peculiar to the operation of schools.

280 Development. The area of responsibility for technical activity concerned with non-routine problems which are encountered in translating research findings or other general scientific knowledge into processes.

290 Evaluation. The area of responsibility for evaluation of all aspects of education. It consists of such activities as evaluating instructional, supporting services, and auxiliary services programs.

291 Statistics. The area of responsibility for collecting and organizing educational data pertinent to various areas of interest, including pupils, staff, instruction, facilities and finance.

296 Other R & D Services. The area of responsibility for providing research and development services which are not included in the previous R & D areas of responsibility.

300-349 Facilities, Maintenance and Operation. The area of responsibility for repairing and keeping ready for use, land, outdoor facilities, buildings or parts of buildings.

301 Facilities, Maintenance and Operation, General. The area of responsibility for providing those services which apply to two or more of the following facilities, maintenance and operation areas of responsibility, and which cannot reasonably or accurately be prorated among them.

311 Site Maintenance. The area of responsibility consisting of those activities which have as their main purpose keeping sites at their original or improved condition of completeness and efficiency through repairs or replacement. Included is the necessary labor, supplies and equipment (i.e. necessary tree removal and tree replacement would be included). All improvements including drives, walks, playgrounds, athletic fields and outdoor lighting are considered to be sites.

316 Site Operation. The area of responsibility consisting of those activities that have as their main purpose keeping the site acceptable in appearance and readiness for use. Included is the necessary labor, equipment, and supplies for fertilizing, mowing, snow removal, cleaning and watering.

321 Building Maintenance. The area of responsibility which has as its main purpose, keeping buildings or parts of buildings, at their original condition of completeness and efficiency through repairs, or replacement (anything less than total replacement of a building).

320 Building Operation. The area of responsibility consisting of those activities which have as their main purpose keeping the physical plant open and ready for use. The activities include preserving the security of the building, cleaning, heating, cooling, lighting, maintenance, safe conditions, moving furniture, and other such housekeeping services as are requested somewhat regularly on a daily, weekly, monthly or seasonal basis.

321 Built-In Equipment, Maintenance. The area of responsibility consisting of those activities which have as their main purpose keeping the built-in equipment at its original condition of completeness and efficiency through repairs or replacement. Built-in equipment is that equipment which is an integral part of the building or grounds and is usually permanently attached thereto.

322 Built-In Equipment, Operation. The area of responsibility which has as its main purpose keeping the built-in equipment in service or ready for use.

323 Movable Equipment, Maintenance. The area of responsibility which has as its main purpose keeping movable equipment at its original condition of completeness and efficiency through repairs or replacement. Movable equipment is defined as equipment that is transportable from one place to another without appreciable damage to the other equipment, the place from which it is removed or to the location where it is to be installed.

324 Movable Equipment, Operation. The area of responsibility, which has as its main purpose, the operation of movable equipment included. (Note: Annual cleaning and oiling, or replacing a lens of a movie projector would be recorded under Movable Equipment, Maintenance. Replacement of an easter or projector bulb would be Movable Equipment, Operation.)

325-329 Facilities Acquisitions or Improvement. The area of responsibility concerned with acquiring title to sites, buildings, built-in equipment or movable equipment by purchasing contract, own labor, gift or otherwise. It also includes additions or improvements to facilities presently owned. (Renovation to return facilities to a previous condition of improvement is recorded under Maintenance.)

331 Plant Acquisition/Improvement, General. The area of responsibility for providing those services which apply to two or more of the following plant acquisition/improvement areas of responsibility and which cannot be reasonably or accurately prorated among them.

332 Site Acquisition/Improvement. The area of responsibility for purchasing or otherwise acquiring title to land and for improving the site in all ways other than construction of buildings. Included are such things as drainage, grading, drives, parking areas, walks, planting, play courts and play fields.

371 Building Acquisition/Improvement. The area of responsibility for purchasing, building or otherwise acquiring title to buildings, additions to buildings or improvements to buildings. (Not included are expenditures, no matter how large, which merely renovate.) Most major work on existing buildings include both renovation and alteration. If the costs cannot be divided between Maintenance and Improvement, the main purpose of the work will have to be considered along with an evaluation of the costs, to determine the area to be charged.

372 Built-In Equipment Acquisition/Improvement. The area of responsibility for purchasing or otherwise acquiring title to built-in equipment. Built-in equipment is that equipment which is an integral part of the building or grounds and is usually permanently attached thereto.

373 Movable Equipment Acquisition/Improvement. The area of responsibility for purchasing or otherwise acquiring title to movable equipment and for modifying movable equipment to improve it.

410-419 Food Services. The area of responsibility consisting of those activities which have as their purpose the management of food services programs for the school or school system and the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities. This area is applicable to both schools and school systems.

411 Food Services, General. The area of responsibility for providing those services which apply to two or more of the following food service areas of responsibility and which cannot be reasonably or accurately prorated among them.

412 Food Preparation and Serving. The area of responsibility for preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities. It consists of such activities as preparing and cooking food, operating kitchen equipment, serving food, cleaning dishes, and storing dishes and kitchen equipment.

413 Transportation of Food. The area of responsibility is for transporting prepared food from a central kitchen to one or more schools.

419 Other Food Services. Other food services activities which cannot be recorded under the preceding areas of responsibility.

420-429 Pupil Personnel Services. The area of responsibility consists of those activities which have as their purpose various services for pupils, other than instruction, transportation, food and health services. This area is applicable to both schools and school systems.

421 Pupil Services, General. The area of responsibility for providing those services which apply to two or more of the following pupil service areas of responsibility, and which cannot reasonably or accurately be prorated among them.

311 Attendance Services. The area of responsibility for promoting and improving school attendance of pupils. It consists of such activities as early identification of patterns of non-attendance, promotion of positive pupil and parent attitudes toward attendance, analysis of causes of non-attendance, early action on problems of non-attendance, and enforcement of compulsory attendance laws.

312 Guidance Services. The area of responsibility for helping pupils assess and understand their abilities, aptitudes, interests, environmental factors, and educational needs; for assisting pupils in increasing their understanding of educational and career opportunities; and for aiding pupils in making optimum use of educational and career opportunities through the formulation of realistic goals. It consists of such activities as counseling pupils and parents, evaluating the abilities of pupils, assisting pupils to make their own educational and career plans and choices, assisting pupils in personal and social adjustments, and working with other staff members in planning and conducting guidance programs.

313 Social Work Services. The area of responsibility for assisting in the prevention or solution of the personal, social, and emotional problems of pupils which involve family, school, and community relationships when such problems have a bearing upon the quality of the school work of the pupils. It consists of such professional activities as diagnosing the problems of pupils arising out of the home, school, or community; casework services for the child, parent, or both; interpreting the problems of pupils for other staff members, and promoting modification of the circumstances surrounding the individual pupil which are related to his problem insofar as the resources of the family, school and community can be effectively brough to bear upon the problem.

320 Psychological Services. The area of responsibility for supplementing the school system collection of information identifying the individuality of each pupil, his capacities, achievements, interests, potentials, and needs; for studying the individual pupil experiencing acute problems of educational development in order to furnish diagnostic information; and for suggesting programs concerning the psychological aspects of these problems. It consists of such activities as administering psychological tests, interpreting the results of psychological tests, working with other staff members in planning programs to meet needs indicated by psychological tests, and managing and planning a program of psychological services for the school system.

331 Therapeutic Services. The area of responsibility for providing speech, visual, physical, occupational, auditory or other therapy services to pupils.

341 Other Pupil Services. The area of responsibility for providing pupil services which are not included in the previous pupil services area of responsibility.

2120-2129 Health Services. The area of responsibility consisting of physical and mental health services which are not direct instruction. It consists of the activities of providing medical, dental, psychiatric, and nursing services.

2121 Health Services, General. The area of responsibility for providing those services which apply to two or more of the following health services.

2122 Medical Services. The area of responsibility, under the direction of a physician, for providing medical services for pupils. The services may include examinations, immunizations, and treatment.

2123 School Nurse Services. The area of responsibility for providing treatment of minor injuries, health inspection, screening examinations for determining need for health referrals, regular determination of physical growth factors and maintenance of pupil health records.

2124 Dental Services. The area of responsibility, under the direction of a dentist, for providing dental examinations, corrections, treatment or repair for pupils.

2125 Other Health Services. The area of responsibility for providing pupil health services which are not included in the previous health services areas of responsibility.

2130-2139 Pupil Transportation. The area of responsibility for transporting pupils attending our public schools, with either the school direction staff and buses, or otherwise, between home and school or on trips related to school activities. It consists of such activities as providing and maintaining pupil transportation vehicles, driving buses, or other pupil transportation vehicles, in-transit pupil supervision, attending loading and unloading points, dispatching buses, operating the two-control radio and directing traffic. It can also include contracting for pupil transportation.

2131 Transportation, General. The area of responsibility for providing those services which apply to two or more of the following Pupil Transportation areas of responsibility and which cannot be reasonably or accurately prorated among them. Include here the cost of additional or replacement vehicles.

2132 Vehicle Operation. The area of responsibility for operating the school transportation vehicles. Salaries of operational supervisors and drivers are included.

2133 Vehicle Servicing and Maintenance. The area of responsibility for maintaining public school pupil transportation vehicles (in as nearly new condition and original efficiency as possible) through repair, replacement of parts, servicing, and care. It consists of such activities as repairing vehicles, replacing vehicle parts, cleaning, painting, greasing, fueling, preventive maintenance, and inspection of vehicle for safety.

631 Other Transportation Services. The area of responsibility for providing pupil transportation services which cannot be included in the previous Pupil Transportation areas of responsibility.

700-799 Community Services. The broad area consisting of those services, other than public school and adult education programs, provided by the school or school system for purposes relating to the community as a whole or some segment of the community. These include such services as community recreation programs, civic activities, public libraries, programs of custodial and detention care of children, community welfare activities, and services for non-public school pupils provided by the schools on a continuing basis.

791 Community Services, General. The area of responsibility for providing those services which apply to two or more of the following Community Service areas of responsibility, but which cannot reasonably or accurately be prorated among those areas.

711 Recreation. The area of responsibility for providing recreation programs for the community as a whole or for some segment of the community. It consists of such staff activities as organizing and supervising playgrounds, swimming pools, and other recreation programs for the community.

712 Civic Activities. The area of responsibility for providing services in connection with civic activities such as meeting of parent-teacher associations, public forums and lectures, civil defense planning, and other civic-center activities.

713 Public Library Services. The area of responsibility for providing library facilities and/or services for the general public.

714 Custody and Detention Care of Children. The area of responsibility for providing programs for the custodial and detention care of children in residential or day school or child care centers which are not part of or directly related to the instructional program, and where the attendance of the children is not included in the attendance figures for the school system.

715 Welfare Activities. The area of responsibility for providing aid to indigent children (whether in non-public or public schools, or in neither) and adults, when such aid is restricted to indigent persons, or for providing services in connection with disaster relief.

741 Non-Public School Activities. The area of responsibility for providing services to non-public school pupils. It consists of such activities as those involved in providing instructional services, attendance and social work services, health services, and transportation services, for non-public school pupils, where the attendance of the children is not included in the attendance figures for the public school system.

771 Other Community Services. The area of responsibility for providing community services which are not included in the previous areas of responsibility.

910-919 Outgoing Transfers. The area of responsibility for transactions involving payment to other school districts or administrative units in or out of the state and tuition to other than public schools.

911 Transportation Within the State. The area of responsibility for reimbursing another school district, private school or individual for transportation services, within the state, rendered for students residing within the paying district.

912 Transportation Outside the State. The area of responsibility for reimbursing another school district, private school, or individual for transportation services outside the state, rendered for students residing outside the paying district.

913 Tuition Within the State. The area of responsibility for reimbursing another school district, private school or individual for instructional services within the state rendered for students residing within the paying district.

914 Tuition Outside the State. The area of responsibility for reimbursing another school district, private school or individual for instructional services outside the state rendered for students residing outside the paying district.

920-929 Debt Service. The area of responsibility for transactions involving payment of principal and interest on long and short-term debts, retirement of serial bonds, amounts paid into a sinking fund, and expenditures to a public school-housing authority.

921 Bond Redemption. The area of responsibility for redeeming the bonds and paying the interest on the bonds which have been previously issued to accommodate major remodeling or Facilities Acquisition/ Improvement Projects.

922 Long-Term Loan. The area of responsibility for administering long-term loans. Long-term loans are loans which extend for more than five years from the date the loan was obtained and is not secured by serial or term bonds.

923 Short-Term Loan. The area of responsibility for administering short-term loans. Short-term loans are loans which are payable within five years of the date of the loan, but not within the fiscal year of issue.

924 Current Loans. The area of responsibility for administering current loans. Current loans are those loans which are payable during the same fiscal year in which the money was borrowed.

[illegible] SECTION C - ACTIVITIES

This code section is provided to group, from all areas of responsibility, those personnel, supplies, equipment and other expenditures associated with a specific type of activity or service.

01 Accounting. Accounting is concerned with recording and reporting activities and events affecting personnel, facilities, materials or money of an administrative unit and its programs. Specifically, it is concerned with determining what accounting records are to be maintained, how they will be maintained, and the procedures, methods, and forms to be used; recording, classifying and summarizing activities or events; analyzing and interpreting recorded data; and preparing and issuing reports and statements which reflect conditions as of a given date, and results of operations for a specific period, and the evaluation of status and results of operations in terms of established objectives.

02 Administering. Activities or services which have as their general application, direction and control of the affairs of the school system, organizational units, or departments.

03 Architectural and Engineering. Activities and services which provide professional services in connection with designing and preparing specifications and drawings for new construction, rehabilitating or altering existing buildings, developing landscaping or acting as professional advisor on architectural matters.

04 Auditing. The technical activities or services of verifying the accuracy and appropriateness of receipts, expenditures, accounts and accounting statements in accordance with applicable laws and regulations.

05 Census. The activities or services concerned with the systematic counting of resident persons in a school district and with recording such related information as the school district requires.

06 Clerical and Secretarial. The activities or services usually classified as clerical, secretarial or stenographic. Concerned with preparing, transferring, transcribing, systematizing or preserving written communications and records; or the operation of such machines as bookkeeping machines, card-punch machines, duplicating machines and calculating machines.

07 Counseling. The non-classroom professional activities or services designed to assist pupils or other persons in making plans and choices in relation to education, vocation, or personal development.

08 Custodial. Those activities and services concerned with cleaning the buildings of school plants or supporting service facilities; operating such equipment as heating and ventilating systems; preserving the security of school property; and keeping the school plant safe for occupancy and use. It consists of such activities as cleaning, sweeping,

disinfecting, heating, lighting, moving furniture, keeping school premises appropriately landed or unlanded, keeping such facilities as fire escapes and alarms here in working order, and custodian duties. It also includes caring for the sites owned or used by the school system, including such activities as raking, watering, mowing, transplanting shrubbery, trimming shrubbery, and preparing, planting, and caring for flower beds.

39 Guard and Police. Those activities or services concerned specifically with the security of school property, facilities, personnel and pupils.

39 Health and Medical. Those activities and services concerned with providing medical, dental, psychiatric and nursing services.

32 Maintenance and Repair. Those activities and services concerned with the upkeep, maintenance, and replacement of movable equipment, fixed equipment, building, and sites.

34 Recruiting. The activities and services designed to attract professional and non-professional applicants for positions.

36 Diagnostic. Those activities and services, other than those classified as health services, designed to identify and evaluate physical, emotional, and learning problems and to recommend appropriate therapeutic services.

38 Supervisory. The activities or services designed to provide leadership, guidance or supervision in a field of specialization for the purpose of improving the performance of staff members.

30 Teaching. The activities or services designed to instruct or provide a learning opportunity for students. Included are expenditures related to classroom teaching, homebound teaching, librarian, instructional TV, computer assisted instruction, study hall, self study, etc.

Not included are expenditures for teacher aides, counselors, secretarial assistance, administration, supervision, diagnostic and therapeutic services.

32 Teaching Assistance. The activities and services provided by teacher aides, including the expenditures directly related to teacher aides.

36 Therapeutic. Those activities or services designed to provide appropriate individual or small group therapy in response to the findings and recommendations of the diagnostic services.

36 Transportation, pupils. Those activities and services designed to transport pupils to and from school, between schools and to school-related activities.

36 Transportation, other. The activities and services designed to transport material and personnel, other than pupils, within the district and outside the district.

07 Transferring and Distributing. The collection and services designed to receive, store, distribute and account for materials and equipment which is received, centrally, and then delivered to points of consumption. Distribution may immediately follow receipt or it may be on a later schedule or may be later in response to specific requisitions.

OBJECT SECTION B - OBJECTS

10 Salaries. The total amount paid, before deductions for personal services rendered while on the payroll of the school district.

11 Certificated, regular. The salary expenditures for personnel, employed on a regular full or part-time basis for the performance of a regular or continuing assignment, who have been certified by the State Educational Agency as authorized to perform the services for which a legal credential is required.

12 Certificated, temporary. The salary expenditures for personnel, employed on a temporary full or part-time basis, who have been certified by the State Educational Agency as authorized to perform the services for which a legal credential is required. (e.g., a teacher hired to teach remedial reading to selected students for the last three months of the school year. Any teacher hired to supplement the work of the regular instructional staff, rather than replace it, would be classified as temporary.)

13 Certificated, substitute. The salary expenditures for personnel, employed on a full or part-time basis, who have been employed to replace regular or temporary certificated personnel who are absent from their assigned position. A person, employed as a certified employee on a regular basis with regard to time and salary, would still have their salary coded as "substitute" if in fact their assignment is to substitute for other certificated persons who may be absent from their "regular" assignments.

14 Non-Certificated, regular. The salary expenditures for personnel, employed on a regular full or part-time basis for the performance of a regular or continuing assignment which does not require the services of personnel specifically authorized by the State Educational Agency.

15 Non-Certificated, temporary. The salary expenditures for personnel employed on a temporary full or part-time basis to perform assignments which do not require the services of personnel specifically authorized by the State Educational Agency.

16 Non-Certificated, substitute. The salary expenditures for personnel employed to perform services for non-certificated personnel who are absent from their assigned positions. A person employed as a non-certificated person on a regular basis with regard to time and salary would still have their earnings coded as substitute if in fact their assignment is to substitute for other non-certificated persons who may be absent from their "regular" assignments.

20 Employee Benefits. Those expenditures (net withholdings or deductions from employee earnings) made to provide or assist in providing the various non-salary or non-wage benefits for employees.

30 Supplies. Material items of an expendable nature which are consumed, worn out, or deteriorated through use; or that lose their identity through fabrication or incorporation into a different or more complex unit or substance.

31 Textbooks. Books obtained and furnished to students free of charge for use in certain classes, grades, or other particular student groups rather than for general school use.

32 Textbooks, resale or rental. Books obtained and provided for students on a rental or sale basis primarily for use in certain classes, grades or other particular student groups rather than for general school use.

33 General Supplies. Material items of an expendable nature, other than textbooks, library materials, or supplies for resale, or that lose their identity through fabrication or incorporation into a different or more complex unit or substance. Included are those general supplies needed to operate the libraries and those periodicals purchased for use in the classroom.

34 General Supplies for Resale. Material items of an expendable nature, other than textbooks which are purchased for resale; or that lose their identity through fabrication or incorporation into a different or more complex unit or substance.

35 Library Materials. All books, other than textbooks, all periodicals, other than those periodical purchases for use in the classrooms, and all other instructional materials or supplies used in, furnished by, or controlled through the library.

40 Contracted Services. Those services rendered to the school system through contract or other agreement with a firm, company, individual or other educational agency or institution, such service being performed by a person or persons not on the school staff. Personnel records are not usually maintained by the school system for persons performing contract services, nor are these persons usually eligible for employee benefits that may accrue to staff members.

Consultation. Personal services of an instructional or consultative nature performed by non-staff personnel.

Other Non-Staff Personnel. Personal services, other than by professional educators, provided by non-staff personnel. Included would be off-duty policemen hired as parking lot attendants, personnel employed by secretarial and manpower agencies and contracted to the school system, etc.

43 Transportation. Contracted for total pupil transportation service, lease of school buses, lease of other transportation equipment, or contract for other transportation services - payments to employees excepted.

44 Tuition. Payments to educational agencies for instructional services performed for students for whom the paying district is responsible.

45 Repairs. Labor and/or material provided by other than own school personnel for maintenance or repairs to sites, buildings, fixed equipment and movable equipment.

46 Insurance. All insurance except that which may be classified as "Employee Benefits."

47 Memberships. Institutional memberships in accreditating associations, voluntary associations, etc.

48 Rentals. Payments for the use of facilities or equipment.

49 Other Contracted Services (except utilities).

50 Contracted Services, Utilities.

60 Employee Travel. The cost of transportation, meals, lodging, and other expenses associated with employees' traveling in the pursuit of school district business. Travel may be by school-owned, private or commercial vehicles.

61 Travel Within District. Travel performed wholly within the school district.

62 Travel Outside District. Travel which takes the employee outside the district. Include that within district travel directly associated with a particular trip out of the district.

70 Facilities.

71 Site Purchase. The purchase of any land by a school district. Include purchased land completely surrounded by land not owned by the school district as well as land abutting property previously owned by the school district.

72 Site Improvement. All work performed upon the site and its adjacent ways, after acquisition by the school district, with the exception of buildings.

73 Building Purchase. The construction or direct purchase of a building or an addition to a building. Includes contract price, legal fees, architectural fees and other costs directly associated with the building purchase.

74 Building Lease or Lease Purchase. Record here expenditures for leased building regardless of whether title is retained by the lessor or transferred to the lessee upon fulfillment of the contract.

75 Building Improvement. Construction other than original or additions which are made to alter or improve the building.

80 Equipment. A material item of a nonexpendable nature, such as built-in facility, a movable or fixed unit of furniture or furnishings, an instrument or apparatus, a machine (including attachments), an instructional skill-training device, or a set of small articles, whose parts are replaceable or repairable, the whole retaining its identity and utility over a period of time which is characteristic of, and definable for, items of its class.

New. Acquired as original or additional, rather than as a replacement for similar or identical equipment.

Replacement. Acquired to replace identical or similar equipment which is being disposed of.

81 Furniture, New.

82 Furniture, Replacement.

Movable equipment that is used for sitting; as a support for writing, drawing, experimentation, and work activities; as storage space for material items; or for decorative purposes. Examples are desks, chairs, tables, floor lamps, room-size rugs, file cabinets, bookcases, work benches, wheeled science demonstration tables, and storage cabinets.

83 Machinery and Apparatus, New.

84 Machinery and Apparatus, Replacement.

Movable equipment items which may be composed of complex combinations of parts which transmit and modify force and motion so as to perform some desired kind of work, excluding vehicles.

85 Vehicles, New.

86 Vehicles, Replacement.

A conveyance used to transport persons or objects, such as automobiles, trucks, aircraft, wreckers, buses, station wagons, bookmobiles, tractors, wagons, and boats, including trailer-type and other attachments operated from such vehicles. Equipment items having some of the characteristics of vehicles and used in heavy construction work, such as bulldozers, self-propelled rollers, scrapers, and cranes, are not designated by this term.

90 Debt Service. Expenditures for the retirement of debt and expenditure for interest on debt, except principal and interest on loans payable in same fiscal year as borrowed (current loans).

91 Principal. Bond retirement, long-term loan, principal and short-term loans principal.

92 Interest. Interest on bonds, long-term loans and short-term loans.

## DEFINITION AND EXPLANATION OF ACCOUNTS

Following are definitions and explanations of each of the asset, liability, and fund balance accounts. Further expansion of any of the accounts can be accomplished by adding accounts and extending the basic accounting code.

Assets. An asset is cash or the right to receive cash at a later date. On the cash basis, school districts record only those assets that arise from a previous payment of cash. For example if cash is paid for an investment in United States Treasury Bills, this investment represents an asset when using cash basis.

On the accrual basis, all assets are recorded even though no previous cash transaction has been made to establish this asset. For example, an asset, taxes receivable, is recorded on the accrual basis when the tax is levied because the district has established a legal claim on tax revenue.

100 Cash. Bank accounts and petty cash funds that are the property of the school district.

> 110 Petty Cash. Money set aside for making change or for immediate payments in coin and currency of comparatively small amounts such as freight bills.
>
> 120 Imprest Fund. An amount established in a bank account, separate from the regular checking accounts, and maintained to provide for emergency type disbursements for which a district wishes to issue a check, but because of the timing cannot pay through the regular disbursement procedures.
>
> 130 Cash in Banks. The bank balances - excess of deposits over checks written - of the regular checking accounts.

200 Investments. Amounts invested in United States Government Securities or other legal forms of investment.

300 Accounts Receivable. Unpaid balances of amounts owed to the school district by individuals or others.

> 310 Taxes Receivable. Accrual basis - The portion of the tax levy that has not been paid to the school district.
>
> 320 Governmental Claims Receivable. Accrual basis - The portion of the school district claims that have not been paid to the school district.

290 Other Receivables. This section provides for the addition of receivables not provided for in the Chart of Accounts. Certain receivable accounts might be established on the cash basis. An example is the purchase of an equipment item for an organization that will reimburse the district. Certain other receivable accounts will be used only on the cash basis.

600 Accrued Revenue. Accrual basis - Amounts recorded at the end of a fiscal period to indicate the revenues that have accrued but have not yet been paid to the school district. At the beginning of the following fiscal period, the entry recording the accrued revenue should be reversed.

610 Accrued Interest. Accrual basis - Interest earned on investments but not yet received by the school district.

620 Accrued Tuition. Accrual basis - Tuition earned but not yet received by the school district.

690 Other Accrued Revenue. Accrual basis - Other revenue that is earned but not yet received.

700 Deferred Charges. Accrual basis - Amounts recorded at the end of a fiscal period to indicate that portion of a paid expenditure that applies to future fiscal periods. At the beginning of the following fiscal period, the entry recording this deferred charge should be reversed.

710 Prepaid Insurance. Accrual basis - That portion of a paid insurance premium that applies to future fiscal periods.

720 Prepaid Interest. Accrual basis - That portion of interest that the school district has paid but is not yet earned.

790 Other Deferred Charges. Accrual basis - Other expenditures that have been paid by the district but not yet earned.

800 Inventories. Cost of supplies or other materials that have been purchased but have not been distributed for use.

810 Warehouse Inventories. Cost of the supplies and materials in a central warehouse.

890 Other Inventories. Cost of other supplies or materials that have been purchased but have not been distributed for use.

900 Vocational Projects for Resale. Cost of major vocational projects that are to be sold when completed.

950 Facilities. Accounts recorded in a facilities group of accounts separate from the regular funds. They comprise a record of the cost of the facilities owned by the district regardless of when they were purchased or from which fund they were purchased.

910 Sites. The cost of all acquisitions and improvements of sites owned by the school district.

920 Buildings. The cost of all acquisitions and improvements of buildings owned by the school district.

930 Equipment. The cost of all equipment owned by the school district.

940 Other Assets. All other assets not provided for.

Liabilities. A liability is an obligation to pay cash to others - or to another fund - at a later date. On the cash basis, school districts will record only those liabilities that result from a previous cash transaction. For example, an amount borrowed through the issuance of tax warrants is recorded as a liability on the cash basis since a cash transaction created the liability.

On the accrual basis, school districts will record additional liabilities even though a previous cash transaction has not created the liability. For example, rent has accrued but not yet paid by the school district, this is recorded as a liability on the accrual basis at the end of a fiscal period.

100 Loans Payable. Amounts that are borrowed from others - or another fund - are not secured by serial or term bonds.

110 Long-Term Loans. Loans which extend for more than five years from the date of the loan.

120 Short-Term Loans. Loans which are payable in five years or less but not before the end of the current fiscal year.

130 Current Loans. Loans which are payable in the same fiscal year in which the money was borrowed. Tax anticipation warrants - or notes - are considered to be current loans if they are to be repaid from the tax collections anticipated with the issuance of the warrants.

200 Bond and Interest Payable.

210 Bonds Payable. Principal amount of outstanding bonds.

211 Current Bonds Payable. The principal amount of bonds that have matured or will be payable within the next fiscal year.

212 Long-Term Bonds Payable. The principal amount of bonds outstanding excluding the current bonds payable.

220 Bond Interest Payable. Interest to be paid in the future on outstanding bonds.

2211 Current Bond Interest Payable. Bond interest that is now due or will be payable within the next fiscal year.

2212 Long-Term Bond Interest Payable. Interest to be paid in the future on outstanding bonds excluding the current bond interest payable.

2300 Payroll Deductions Payable. Liabilities resulting from the deduction from payroll checks for withholding tax, retirement contributions, insurance, etc. The balance of the accounts represent the portion of the deductions that have not been forwarded to the proper agency. Each school district should establish the specific accounts that are needed.

2400 Accounts Payable. Accrual basis - Amounts of unpaid invoices for services or merchandise received.

2500 Accrued Expense. Accrual basis - Amounts recorded at the end of the fiscal year to indicate the expenses that have accrued but have not been paid by the school district. At the beginning of the following fiscal year, the entry recording the accrued expense should be reversed.

2510 Accrued Salaries. Accrual basis - Salaries earned but not yet paid at the end of a fiscal period.

2520 Accrued Tuition. Accrual basis - Tuition that has been earned by another district or agency at the end of a fiscal period but has not been paid by the school district.

2530 Accrued Interest. Accrual basis - Interest that has accrued at the end of a fiscal period but has not been paid by the district.

2540 Accrued Rent. Accrual basis - Rent that has accrued at the end of a fiscal period but has not been paid by the district.

2590 Other Accrued Expense. Accrual basis - Any other expenditures that have accrued at the end of a fiscal period but have not been paid by the district.

2600 Other Liabilities. All other liabilities not provided for.

Fund Balance.

2700 Fund Balance. The excess of assets over liabilities.